

CITY OF NORTHFIELD

ATLANTIC COUNTY

NEW JERSEY

AUDIT REPORT

FOR THE YEAR ENDED

December 31, 2008

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CITY OF NORTHFIELD

PART I

REPORT ON AUDIT OF FINANCIAL STATEMENTS

AND SUPPLEMENTARY DATA

YEAR ENDED DECEMBER 31, 2008

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**ALLIANCE OF
GOVERNMENTAL
AUDITORS, LLC**

PO Box 548, Mays Landing, NJ 08330
609-625-0999 FAX 609-625-2421

A JOINT VENTURE OF

SWARTZ & CO.,LLC &

TRACEY HEUN BRENNAN & CO. CPAs, PC

INDEPENDENT AUDITORS' REPORT

The Honorable Mayor and
Members of City Council
City of Northfield, New Jersey

We have audited the accompanying balance sheets - regulatory basis of the various funds and account groups of the City of Northfield, New Jersey, as of December 31, 2008 and 2007, the related statements of operations and changes in fund balance - regulatory basis for the years then ended, and the related statement of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the year ended December 31, 2008. These financial statements are the responsibility of the City of Northfield's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America, the audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the "Division"), and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The Length of Service Awards Program of the City of Northfield has not been audited, and we were not engaged to audit the Length of Service Awards Program financial statements as part of our audit of the City's financial statements.

As described in Note 1, the City of Northfield, New Jersey prepares its financial statements on a basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, that demonstrates compliance with a modified accrual basis, with certain exceptions, and the budget laws of the State of New Jersey, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Such financial statements are not intended to be presented in accordance with accounting principles generally accepted in the United States of America.

In our opinion, because of the City's policy to prepare its financial statements on the basis of accounting discussed in the third paragraph of this report, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the City of Northfield as of December 31, 2008 and 2007 or the results of its operations for the years then ended.

However, in our opinion, the financial statements referred to above, with the exception of the Length of Service Awards Plan, present fairly, in all material respects, the financial position - regulatory basis of the various funds and account groups of the City of Northfield, New Jersey as of December 31, 2008 and 2007 and the results of operations and changes in fund balance - regulatory basis of such funds for the years then ended and the statements of revenues - regulatory basis and statement of expenditures - regulatory basis of the various funds for the year ended December 31, 2008 on a modified accrual basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 3, 2009 on our consideration of the City of Northfield's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming and opinion on the financial statement of the City of Northfield. The supplemental schedules listed in the table of contents are not a required part of the financial statements. The supplemental schedules have been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Kenneth W. Moore

Kenneth W. Moore, CPA
Registered Municipal Accountant
No. 231

Alliance of Governmental Auditors, LLC

Alliance of Governmental Auditors, LLC
Certified Public Accountants

April 3, 2009

EXHIBIT A - CURRENT FUND

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**CURRENT FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
December 31,**

	Ref.	2008	2007
<u>Assets</u>			
Cash:			
Treasurer	A-4	\$ 3,967,856	3,932,535
Change Fund	A-8	350	350
		3,968,206	3,932,885
Receivables and Other Assets with Full Reserves:			
Delinquent Property Taxes Receivable	A-9	382,400	328,586
Tax Title Liens Receivable	A-10	11,207	9,249
Miscellaneous Liens Receivable	A-10	1,847	-
Property Acquired / Assessed Valuation	A-11	19,200	19,200
Sewer Rents Receivable	A-6	46,363	37,441
Sewer Liens Receivable	A-10	1,079	-
Due from the Dog Trust		2,092	1,733
Due from the Grant Fund	A-5	-	49,030
Revenue Accounts Receivable	A-13	14,248	15,047
	A	478,436	460,286
Deferred Charges:			
NJS 40A:4-53 Special Emergency Preparation of Tax Maps		50,000	-
		4,496,642	4,393,171
Federal and State Grant Fund:			
Due from Current Fund		102,029	-
Federal and State Grants Receivable	A-14	1,154,570	515,258
		1,256,599	515,258
		\$ 5,753,241	4,908,429

**CURRENT FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
December 31,**

<u>Liabilities, Reserves and Fund Balance</u>	<u>Ref.</u>	<u>2008</u>	<u>2007</u>
Liabilities:			
Appropriation Reserves	A-3:A-18	\$ 934,906	607,713
Accounts Payable		12,361	-
Encumbrances Payable	A-3	505,241	612,745
Payroll Taxes Payable	A-15	31,878	30,148
Sewer Rent Overpayments	A-7	2,185	195
Prepaid Taxes	A-19	158,609	117,115
Prepaid Sewer Rents		540	998
Tax Overpayments	A-20	26,918	12,518
Due to State of New Jersey - Senior Citizens and Veterans	A-12	12,200	12,700
Due to State of New Jersey - Marriage Fees	A-25	175	275
Due to State of New Jersey - DCA		894	1,508
Due to Federal and State Grant Fund		102,029	-
Burial Permits Payable		970	1,080
Reserve for Sale of Land	A	47,693	47,693
Reserve for Tax Maps		22,069	-
Reserve for Garden State Trust		47	55
Due to County - Added Taxes	A-22	18,113	12,472
		<u>1,876,828</u>	<u>1,457,215</u>
Reserve for Receivables and Other Assets	A	478,436	460,286
Fund Balance	A-1	2,141,378	2,475,670
		<u>4,496,642</u>	<u>4,393,171</u>
Federal and State Grant Fund:			
Due to the Current Fund		-	49,030
Reserve for Grants Appropriated	A-17	1,154,392	449,117
Reserve for Grants Unappropriated	A-16	2,335	4,287
Encumbrances Payable	A-17	99,872	12,824
		<u>1,256,599</u>	<u>515,258</u>
		<u>\$ 5,753,241</u>	<u>4,908,429</u>

See Accompanying Notes to Financial Statements

**CURRENT FUND
COMPARATIVE STATEMENT OF OPERATIONS AND
CHANGES IN FUND BALANCE - REGULATORY BASIS
For the Year Ended December 31,**

	<u>Ref.</u>	<u>2008</u>	<u>2007</u>
<u>Revenue and Other Income Realized:</u>			
Fund Balance Utilized	A-2	\$ 1,405,000	1,309,000
Miscellaneous Revenues Anticipated	A-2	4,164,053	3,534,116
Receipts from Delinquent Taxes	A-2	311,854	274,417
Receipts from Current Taxes	A-2	23,096,148	22,274,152
Nonbudget Revenues	A-2	116,340	153,640
Other Credits to Income:			
Unexpended Balance of Appropriation Reserves	A-18	778,369	636,558
Interfund Returned	A	50,763	3,496
Miscellaneous Cancellation		1,281	71
		<u>29,923,808</u>	<u>28,185,450</u>
 <u>Expenditures:</u>			
Appropriations Within "CAPS"			
Operations:			
Salaries and Wages	A-3	4,034,500	4,140,800
Other Expenses	A-3	3,583,739	3,420,975
Deferred Charges and			
Statutory Expenditures	A-3	204,500	251,500
Appropriations Excluded from "CAPS"			
Operations:			
Salaries and Wages	A-3	201,527	203,527
Other Expenses	A-3	3,275,399	1,759,598
Capital Improvements	A-3	200,000	245,000
Municipal Debt Service	A-3	933,772	933,872
County Taxes	A-21	3,158,137	3,252,029
Due County for Added and Omitted Taxes	A-22	18,113	12,472
Regional High School Tax	A-24	4,607,854	4,424,444
Local District School Tax	A-23	8,685,559	8,346,617
Prior Year Revenue Returned		-	1,917
Interfund Created	A	-	26,022
		<u>\$ 28,903,100</u>	<u>27,018,773</u>

**CURRENT FUND
COMPARATIVE STATEMENT OF OPERATIONS AND
CHANGES IN FUND BALANCE - REGULATORY BASIS
For the Year Ended December 31,**

	Ref.	2008	2007
Excess in Revenues	\$	1,020,708	1,166,677
Adjustments to Income Before Fund Balance - Expenditures Included Above Which Are by Statute Deferred Charges to Budget of Succeeding Year	A-3	50,000	-
Statutory Excess to Fund Balance		1,070,708	1,166,677
Fund Balance January 1	A	2,475,670	2,617,993
Total		3,546,378	3,784,670
Decreased by:			
Utilization as Anticipated Revenue	A-2	1,405,000	1,309,000
Fund Balance December 31	A	\$ 2,141,378	2,475,670

**CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Ref.	Anticipated Budget	Special N.J.S. 40A:4-87	Realized	Excess or (Deficit)
Fund Balance Anticipated	A-1	\$ 1,405,000		1,405,000	-
		1,405,000	-	1,405,000	-
<u>Miscellaneous Revenues:</u>					
Licenses:					
Alcoholic Beverages	A-13	4,800		4,800	-
Other	A-13	75,000		78,060	3,060
Fees and Permits	A-13	80,000		89,347	9,347
Fines and Costs:					
Municipal Court	A-13	195,000		248,040	53,040
Interest and Costs on Taxes	A-13	60,000		80,059	20,059
Interest on Investments and Deposits	A-13	195,000		140,854	(54,146)
Sewer Rentals	A-13	1,090,000		1,092,230	2,230
Interest and Costs on Sewer	A-13	10,000		14,745	4,745
Consolidated Municipal Property Tax Relief Act	A-13	189,656		189,656	-
Energy Receipts Tax (P.L. 1997, Chapters 162 & 167)	A-13	625,681		625,681	-
Garden State Trust	A-13	55		55	-
Uniform Construction Code Fees	A-13	153,000		106,426	(46,574)
County Share - Road Realignment	A-13	127,100		6,783	(120,317)
Linwood Share - Road Realignment	A-13	35,000		1,873	(33,127)
Linwood Share - Sewerage Department Costs	A-13	80,000		113,132	33,132
Utility Assessment Surplus	A-13	1,256		1,256	-
Uniform Fire Safety Act	A-13	6,033		6,909	876
Library Maintenance Agreement	A-13	20,500		20,500	-

See Accompanying Notes to Financial Statements

**CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Ref.	Anticipated Budget	Special N.J.S. 40A:4-87	Realized	Excess or (Deficit)
<u>Miscellaneous Revenues: (Continued)</u>					
State and Federal Revenues Offset					
With Appropriations:					
Drunk Driving Enforcement Fund	A-14	\$ 4,448		4,448	-
Municipal Alliance on Alcoholism and Drug Abuse	A-14	10,552		10,552	-
Safe and Secure Communities Program	A-14	55,659		55,659	-
NJ Transportation Trust Fund Authority Act	A-14	140,000		140,000	-
Alcohol Education, Rehabilitation, and Enforcement	A-14	4,370		4,370	-
Community Development Block Grant	A-14	28,578		28,578	-
NJ Council on the Arts	A-14	1,100		1,100	-
Body Armor	A-14	2,567		2,567	-
Federal Homeland Security - Fire	A-14	69,920		69,920	-
US Department of Justice Bulletproof Vest	A-14	1,625		1,625	-
Over the Limit Under Arrest	A-14	4,897	5,000	9,897	-
Click It or Ticket	A-14	4,000		4,000	-
Atlantic County Open Space	A-14	1,000,000		1,000,000	-
Clean Community	A-14	10,931		10,931	-
Total Miscellaneous Revenue		<u>4,286,728</u>	<u>5,000</u>	<u>4,164,053</u>	<u>(127,675)</u>
Receipts from Delinquent Taxes	A-2	<u>150,000</u>	<u>-</u>	<u>311,854</u>	<u>161,854</u>
Amount to be Raised by Taxes for Support of Municipal Budget:					
Local Tax for Municipal Purposes	A-2	<u>7,017,560</u>	<u>-</u>	<u>7,107,336</u>	<u>89,776</u>
Budget Totals		<u>12,859,288</u>	<u>5,000</u>	<u>12,988,243</u>	<u>123,955</u>
Nonbudget Revenues	A-2	<u>-</u>	<u>-</u>	<u>116,340</u>	<u>116,340</u>
		<u>\$ 12,859,288</u>	<u>5,000</u>	<u>13,104,583</u>	<u>240,295</u>
	Ref.	A-3	A-3		

See Accompanying Notes to Financial Statements

**CURRENT FUND
STATEMENT OF REVENUES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2008**

<u>ANALYSIS OF REALIZED REVENUES</u>	<u>Ref.</u>	
<u>Allocation of Current Tax Collections:</u>		
Revenue from Collections	A-9	\$ <u>23,096,148</u>
Net Revenue from Collections	A-1	23,096,148
Allocated to:		
School and County Taxes	A-9	<u>16,469,663</u>
Balance for Support of Municipal Budget Appropriations		6,626,485
Add:		
Appropriations "Reserve for Uncollected Taxes"	A-3	<u>480,851</u>
Amount for Support of Municipal Budget Appropriations	A-2	\$ <u><u>7,107,336</u></u>
<u>Receipts from Delinquent Taxes:</u>		
Delinquent Tax Collections	A-9	\$ 309,998
Tax Title Lien Collections	A-10	<u>1,856</u>
	A-2	\$ <u><u>311,854</u></u>

**CURRENT FUND
 STATEMENT OF REVENUES - REGULATORY BASIS
 FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Ref.</u>	
<u>ANALYSIS OF REALIZED REVENUES (Continued)</u>		
<u>Analysis of Non-Budget Revenues:</u>		
Photocopies	\$	424
Books, Maps and Copies of Ordinance		230
Rent of Municipal Property		1,000
DMV Inspection Fines		19,938
Police Detail Administration		3,080
Certified Lists		380
Construction fees		34,135
Reimbursements		37,053
Administration Fee		3,140
Miscellaneous Lien Collection		1,812
Auction Proceeds		7,500
Miscellaneous		<u>7,648</u>
A-1	\$	<u><u>116,340</u></u>
Cash	A-4	\$ <u>116,340</u>
		<u><u>116,340</u></u>

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2008**

	APPROPRIATIONS		EXPENDITURES		UNEXPENDED BALANCE CANCELED	OVER EXPENDED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED		
OPERATIONS WITHIN "CAP"						
GENERAL GOVERNMENT:						
Administrative and Executive						
Other Expenses	\$ 70,000	70,000	54,428	15,572		
Mayor and Council						
Salaries and Wages	76,500	76,500	74,951	1,549		
Other Expenses	7,000	7,000	3,752	3,248		
City Clerk						
Salaries and Wages	108,000	108,000	104,427	3,573		
Other Expenses						
Election Board	9,000	9,000	4,826	4,174		
Tax Maps		50,000	50,000			
Miscellaneous	30,000	30,000	28,189	1,811		
Financial Administration						
Salaries and Wages	127,000	127,000	124,070	2,930		
Other Expenses	10,000	10,000	8,927	1,073		
Municipal Prosecutor						
Other Expenses	15,500	15,500	15,500			
Audit Services						
Other Expenses	47,000	47,000	47,000			
Public Defender						
Other Expenses:	3,000	3,000	-	3,000		
Revenue Administration (Tax Collector)						
Salaries and Wages	84,000	84,000	83,654	346		
Other Expenses:	4,000	4,000	3,961	39		
Tax Assessment Administration						
Salaries and Wages	31,500	31,500	27,760	3,740		
Other Expenses	6,000	6,000	5,839	161		
Legal Services and Costs						
Other Expenses	95,500	95,500	79,134	16,366		
Insurance						
Workers' Compensation	243,464	243,464	233,735	9,729		
Group Insurance	1,385,000	1,385,000	1,353,258	31,742		
Other Insurance	154,300	154,300	103,139	51,161		
Municipal Court						
Salaries and Wages	124,000	124,000	119,399	4,601		
Other Expenses	11,000	11,000	9,234	1,766		
Planning Board						
Salaries and Wages	8,500	8,500	8,000	500		
Other Expenses	28,000	28,000	24,531	3,469		

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2008**

	APPROPRIATIONS		EXPENDITURES		UNEXPENDED BALANCE CANCELED	OVER EXPENDED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED		
OPERATIONS WITHIN "CAP" (Continued)						
Engineering Services and Costs						
Other Expenses	43,000	43,000	35,390	7,610		
TOTAL General Government	2,721,264	2,771,264	2,603,104	168,160	-	-
DEPARTMENT OF PUBLIC SAFETY:						
Fire Official						
Salaries and Wages	\$ 10,000	10,000	7,533	2,467		
Other Expenses	2,000	2,000	416	1,584		
Fire Department						
Salaries and Wages	512,000	512,000	476,064	35,936		
Other Expenses:						
Fire Hydrant	80,000	80,000	78,540	1,460		
Miscellaneous Other Expenses	28,000	28,000	27,503	497		
Police Department						
Salaries and Wages	1,947,500	1,947,500	1,720,238	227,262		
Other Expenses	45,000	45,000	44,885	115		
Aid to Volunteer Rescue Squad						
Salaries and Wages		-		-		
Other Expenses	50,000	50,000	50,000	-		
Office of Emergency Management						
Salaries and Wages	2,000	2,000	2,000	-		
Other Expenses	4,000	4,000	25	3,975		
TOTAL Public Safety	2,680,500	2,680,500	2,407,204	273,296		-
STREETS AND ROADS:						
Streets and Road Maintenance						
Salaries and Wages	585,000	585,000	540,754	44,246		
Other Expenses	21,900	21,900	20,408	1,492		
Reserve for Snow Removal	100	100		100		
Maintenance of Automotive Equipment						
Other Expenses	55,000	55,000	54,650	350		
Solid Waste Collection						
Tipping Fees	516,000	516,000	481,440	34,560		
Public Buildings and Grounds						
Salaries and Wages	10,000	10,000	4,692	5,308		
Other Expenses	80,000	80,000	77,488	2,512		
Maintenance of Bike Path	2,000	2,000	140	1,860		
TOTAL Streets and Roads	1,270,000	1,270,000	1,179,572	90,428		

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2008**

	APPROPRIATIONS		EXPENDITURES		UNEXPENDED BALANCE CANCELED	OVER EXPENDED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED		
OPERATIONS WITHIN "CAP" (Continued)						
SANITATION						
Sewerage						
Salaries and Wages	\$ 158,000	158,000	155,235	2,765		
Other Expenses	31,000	31,000	30,585	415	-	
TOTAL Sanitation	189,000	189,000	185,820	3,180	-	
HEALTH AND WELFARE:						
Dog Regulation						
Other Expenses	8,400	8,400	8,400	-	-	
TOTAL Health and Welfare	8,400	8,400	8,400	-	-	
RECREATION AND EDUCATION:						
Parks and Playgrounds						
Salaries and Wages	99,000	99,000	80,362	18,638		
Other Expenses						
Neighborhood Programs	5,000	5,000	4,764	236		
Miscellaneous Other Expenses:						
All Sports	13,225	13,225	13,049	176		
Senior Citizens	750	750	750			
Conservation Commission						
Other Expenses	500	500	-	500		
TOTAL Recreation and Education	118,475	118,475	98,925	19,550	-	-
UNIFORM CONSTRUCTION CODE (N.J.A.C. 5:23-4.17)						
Construction Code Official						
Salaries and Wages	116,500	116,000	111,870	4,130		
Other Expenses	7,500	8,000	7,552	448		
Zoning / Housing Officer						
Salaries and Wages	35,500	35,500	34,500	1,000		
Other Expenses	2,100	2,100	2,002	98	-	
Total Uniform Construction Code	161,600	161,600	155,924	5,676	-	-

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2008**

	APPROPRIATIONS		EXPENDITURES		UNEXPENDED BALANCE CANCELED	OVER EXPENDED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED		
<u>OPERATIONS WITHIN "CAP" (Continued)</u>						
<u>UNCLASSIFIED:</u>						
Utilities:						
Gasoline	\$ 107,000	107,000	102,497	4,503		
Electricity	76,000	76,000	69,506	6,494		
Telephone and Telegraph	55,000	55,000	53,825	1,175		
Natural Gas	40,000	40,000	28,298	11,702		
Street Lighting	115,000	115,000	107,381	7,619		
Water	3,500	3,500	3,247	253		
Telecommunications	6,500	6,500	2,495	4,005		
Internet	6,000	6,000	3,900	2,100		
Street Sweeping	10,000	10,000	10,000	-	-	
TOTAL Unclassified	419,000	419,000	381,149	37,851	-	-
TOTAL OPERATIONS - WITHIN "CAP"	7,568,239	7,618,239	7,020,098	598,141	-	-
Detail:						
Salaries and Wages	4,035,000	4,034,500	3,675,509	358,991	-	-
Other Expenses	3,533,239	3,583,739	3,344,589	239,150	-	-
<u>DEFERRED CHARGES AND STATUTORY</u>						
<u>EXPENDITURES - WITHIN "CAP":</u>						
Statutory Expenditures:						
Contribution to:						
Social Security System (O.A.S.I.)	190,000	190,000	162,688	27,312		
Defined Contribution Retirement Program	2,000	2,000	856	1,144		
Reserve for Accumulated Leave	500	500		500		
Unemployment Compensation Insurance	12,000	12,000	10,219	1,781		
TOTAL Deferred Charges and Statutory Expenditures - within "CAP"	204,500	204,500	173,763	30,737		-
TOTAL General Appropriations for Municipal Purposes - within "CAP"	7,772,739	7,822,739	7,193,861	628,878	-	-

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2008**

	APPROPRIATIONS		EXPENDITURES		UNEXPENDED BALANCE CANCELED	OVER EXPENDED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED		
<u>OPERATIONS EXCLUDED FROM "CAP"</u>						
Maintenance of Free Public Library (P.L. 1985, c.82 and 541)	\$ 400,019	400,019	400,019			
Atlantic County Utilities Authority Service						
Charge - Contractual	702,000	702,000	651,780	50,220		
Police and Firemen's Retirement System	483,513	483,513	483,513			
LOSAP	22,500	22,500	11,750	10,750		
Public Employees Retirement System	101,057	101,057	95,774	5,283		
Recycling Tax Levy	10,000	10,000	7,337	2,663		
Dispatch						
Other Expenses	163,221	163,221	163,221			
Interlocal Road Realignment - Cedarbridge	162,100	162,100	14,070	148,030		
Linwood Share Sewerage - Interlocal Service Agreement	80,000	80,000	1,382	78,618		
<u>PUBLIC AND PRIVATE PROGRAMS OFFSET BY REVENUES - EXCLUDED FROM "CAP"</u>						
Clean Communities Program	10,931	10,931	10,931			
Drunk Driving Enforcement Fund:						
Police						
Salaries and Wages	4,448	4,448	4,448			
Match for Grants	5,500	5,500		5,500		
County of Atlantic Municipal Drug Alliance						
County Share	10,552	10,552	10,552			
City Share	2,638	2,638	2,638			
Safe and Secure Program:						
State Share	55,659	55,659	55,659			
Local Share	137,050	137,050	137,050			
Federal Homeland Security						
Federal Share	69,920	69,920	69,920			
Local Share	3,680	3,680	3,680			
US Department of Justice Bullet Proof Vest	1,625	1,625	1,625			
NJ Council on the Arts	1,100	1,100	1,100			
Over the Limit Under Arrest	4,897	4,897	4,897			
Atlantic County Open Space	1,000,000	1,000,000	1,000,000			
Community Development Block Grant	28,578	28,578	28,578			
Body Armor	2,568	2,568	2,568			
Click It or Ticket	4,000	4,000	4,000			
NJ Alcohol Education Rehabilitation	4,370	4,370	4,370			

**CURRENT FUND
STATEMENT OF EXPENDITURES - REGULATORY BASIS
FOR THE YEAR ENDED DECEMBER 31, 2008**

	APPROPRIATIONS		EXPENDITURES		UNEXPENDED BALANCE CANCELED	OVER EXPENDED
	BUDGET	BUDGET AFTER MODIFICATION	PAID OR CHARGED	RESERVED		
TOTAL OPERATIONS - EXCLUDED FROM "CAP"	\$ 3,471,926	3,476,926	3,175,862	301,064	-	-
Detail:						
Salaries and Wages	201,527	201,527	201,527	-	-	-
Other Expenses	3,270,399	3,275,399	2,974,335	301,064	-	-
<u>CAPITAL IMPROVEMENTS - EXCLUDED FROM "CAP":</u>						
Capital Improvement Fund	25,000	25,000	25,000			
Firefighter Protection Equipment		-				
Sewer Repairs	20,000	20,000	15,036	4,964		
City Match for DOT	15,000	15,000	15,000			
NJ Transportation Trust Fund Authority Act	140,000	140,000	140,000			
TOTAL Capital Improvement Fund - Excluded from "CAP"	200,000	200,000	195,036	4,964	-	-
<u>MUNICIPAL DEBT SERVICE - EXCLUDED FROM "CAPS"</u>						
Payment of Bond Principal	640,000	640,000	640,000		-	
Interest on Bonds	293,772	293,772	293,772		-	
TOTAL Municipal Debt Service - Excluded from "CAP"	933,772	933,772	933,772		-	
TOTAL General Appropriations for Municipal Purposes - Excluded from "CAP"	4,605,698	4,610,698	4,304,670	306,028	-	-
SUBTOTAL GENERAL APPROPRIATIONS	12,378,437	12,433,437	11,498,531	934,906	-	-
RESERVE FOR UNCOLLECTED TAXES	480,851	480,851	480,851			
TOTAL GENERAL APPROPRIATIONS	\$ 12,859,288	12,914,288	11,979,382	934,906	-	-
<u>Ref.</u>	A-2			A		A

**CURRENT FUND
 STATEMENT OF EXPENDITURES - REGULATORY BASIS
 FOR THE YEAR ENDED DECEMBER 31, 2008**

		<u>BUDGET AFTER MODIFICATION</u>		<u>PAID OR CHARGED</u>
Appropriation by N.J.S. 40A:4-47	<u>Ref.</u>			
Budget	A-2	\$ 5,000		
	A-2	<u>12,909,288</u>		
		<u>\$ 12,914,288</u>		
Reserve for Federal and State Grants	A-17		\$ 1,502,016	
Reserve for Uncollected Taxes	A-2		480,851	
Encumbrances Payable	A		505,241	
Disbursed	A-4		<u>9,491,274</u>	
			<u>\$ 11,979,382</u>	

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EXHIBIT B - TRUST FUNDS

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**TRUST FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
December 31,**

<u>Assets</u>	<u>Ref.</u>	<u>2008</u>	<u>2007</u>
Assessment Fund:			
Cash	B-2	\$ 623	1,256
Assessments Receivable	B-5	-	570
		<u>623</u>	<u>1,826</u>
Animal Control Fund:			
Cash - Treasurer	B-2	11,042	10,356
Due from State Department of Health	B-8	-	-
		<u>11,042</u>	<u>10,356</u>
Other Funds:			
Cash - Treasurer	B-2	1,672,108	1,567,119
Small Cities Revolving Loans Receivable		78,105	107,815
		<u>1,750,213</u>	<u>1,674,934</u>
LOSAP (Unaudited)			
Investments - Held for LOSAP		<u>88,591</u>	<u>93,527</u>
		<u>\$ 1,850,469</u>	<u>1,780,643</u>

**TRUST FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
December 31,**

<u>Liabilities, Reserves, and Fund Balance</u>	<u>Ref.</u>	<u>2008</u>	<u>2007</u>
Assessment Fund:			
Reserve for Assessments Receivable	B-5	\$ -	570
Fund Balance	B-1	<u>623</u>	<u>1,256</u>
		<u>623</u>	<u>1,826</u>
Animal Control Fund:			
Due to Current Fund	B-7	2,092	1,733
Reserve for Animal Control Fund Expenditures	B-6	<u>8,950</u>	<u>8,623</u>
		<u>11,042</u>	<u>10,356</u>
Other Funds:			
Due to the State of NJ - Sales Tax		-	-
Reserves for:			
Law Enforcement Forfeiture	B-9	45,353	68,240
Escrow Fees	B-11	559,366	604,897
Snow Removal	B-12	23,300	23,300
Small Cities Grant Appropriation	B-10	151,566	121,856
Recreation Expenditures	B-13	113,485	120,874
Cultural Committee		12,293	14,035
Municipal Alliance	B-15	1,461	1,341
Outside Employment of Police	B-14	4,692	4,005
POAA		32	143
Public Defender		1,525	
Recycling		25,014	25,014
Accumulated Sick and Vacation		721,952	571,952
Small Cities Revolving Loan	B-17	78,105	107,815
Tax Sale Premiums	B-19	1,000	1,000
Joint Insurance Funds		<u>11,069</u>	<u>10,462</u>
		<u>1,750,213</u>	<u>1,674,934</u>
LOSAP (Unaudited)			
Reserve for LOSAP		<u>88,591</u>	<u>93,527</u>
		<u>\$ 1,850,469</u>	<u>1,780,643</u>

See Accompanying Notes to Financial Statements

**TRUST FUND
ASSESSMENT FUND BALANCE - REGULATORY BASIS**

	<u>Ref.</u>		
Balance December 31, 2007		\$	2,608
Increased by:			
Collection of Unpledged Assessments Receivable	B-4	570	
Interest Receivable	B-4	<u>53</u>	
			<u>623</u>
			3,231
Decreased by:			
Payment to Current Fund			<u>2,608</u>
Balance December 31, 2008	B	\$	<u><u>623</u></u>

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EXHIBIT C - GENERAL CAPITAL FUND

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GENERAL CAPITAL FUND
COMPARATIVE BALANCE SHEET - REGULATORY BASIS
December 31,

	<u>Ref.</u>	<u>2008</u>	<u>2007</u>
<u>Assets</u>			
Cash - Treasurer	C-2	\$ 548,171	1,593,990
Deferred Charges to Future Taxation:			
Funded	C-4	7,244,000	7,884,000
Unfunded	C-5	<u>950,000</u>	<u>-</u>
		<u>8,742,171</u>	<u>9,477,990</u>
 <u>Liabilities, Reserves and Fund Balance</u>			
Serial Bonds Payable	C-8	7,244,000	7,884,000
Contracts Payable	C-9	591,680	663,685
Improvement Authorizations:			
Funded	C-7	311,928	787,123
Unfunded	C-7	476,381	-
Reserve for:			
Capital Improvement Fund	C-6	52,878	77,878
Fund Balance	C-1	<u>65,304</u>	<u>65,304</u>
		<u>\$ 8,742,171</u>	<u>9,477,990</u>

There were Bonds and Notes Authorized But Not Issued on December 31, 2008 and 2007 of \$950,000 and \$0 .

GENERAL CAPITAL FUND
STATEMENT OF FUND BALANCE - REGULATORY BASIS

	<u>Ref.</u>	
Balance December 31, 2007	C	\$ 65,304
No current year activity		
Balance December 31, 2008	C	\$ <u>65,304</u>

EXHIBIT D - GENERAL FIXED ASSETS

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GENERAL FIXED ASSET FUND
STATEMENT OF GENERAL FIXED ASSETS - REGULATORY BASIS
December 31,

	<u>2008</u>	<u>2007</u>
<u>Assets</u>		
General Fixed Assets:		
Land, Building & Improvements	\$ 4,459,286	4,420,338
Machinery and Equipment	<u>4,406,762</u>	<u>4,335,380</u>
Total General Fixed Assets	<u><u>8,866,048</u></u>	<u><u>8,755,718</u></u>
<u>Reserves</u>		
Investment in General Fixed Assets	\$ <u><u>8,866,048</u></u>	<u><u>8,755,718</u></u>

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**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2008 AND 2007**

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Except as noted below, the financial statements of the City of Northfield include every board, body, office or commission supported and maintained wholly or in part by funds appropriated by the City of Northfield, as required by N.J.S. 40A:5-5.

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing board and (1) the City is able to significantly influence the programs or services performed or provided by the organization; or (2) the City is legally entitled to or can otherwise access the organization's resources; the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of or provide financial support to the organization; or the City is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the City in that the City approves the budget, the issuance of debt or the levying of taxes. The Northfield Public Library is a component unit of the City. A separate audit will be performed for the Library and will be made available for inspection at the City Clerk's office upon completion.

B. Description of Funds

The accounting policies of the City of Northfield conform to the accounting principles applicable to municipalities which have been prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey. Such principles and practices are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with the respect to public funds. Under this method of accounting, the City of Northfield accounts for its financial transactions through the following separate funds:

Current Fund -- resources and expenditures for governmental operations of a general nature, including Federal and State grant funds.

Trust Funds -- receipts, custodianship and disbursement of funds in accordance with the purpose for which each reserve was created.

General Capital Fund -- receipt and disbursement of funds for the acquisition of general facilities, other than those acquired in the Current Fund.

General Fixed Assets Account Group -- All fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the general fixed assets account group, rather than in governmental funds.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2008 AND 2007

C. Basis of Accounting

The accounting principles and practices prescribed for municipalities by the State of New Jersey differ in certain respects from generally accepted accounting principles applicable to local governmental units. The more significant policies in New Jersey are as follows.

A modified accrual basis of accounting is followed with minor exceptions.

Revenues -- are recorded as received in cash except for certain amounts that are due from other governmental units. Receipts from Federal and State grants are realized as revenue when anticipated in the City budget. Receivables for property taxes are recorded with offsetting reserves on the balance sheet of the City's Current Fund; accordingly, such amounts are not recorded as revenue until collected. Other amounts that are due to the City which are susceptible to accrual are also recorded as receivables with offsetting reserves and recorded as revenue when received.

Expenditures -- are recorded on the "budgetary" basis of accounting. Generally expenditures are recorded when an amount is encumbered for goods or services through the issuance of a purchase order in conjunction with the Encumbrance Accounting System. Outstanding encumbrances at December 31, are reported as a cash liability in the financial statements and constitute part of the City's statutory Appropriation Reserve balance. Appropriation reserves covering unexpended appropriation balances are automatically created at December 31st of each year and recorded as liabilities, except for amounts which may be canceled by the Governing Body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income. Appropriations for principal payments on outstanding general capital bonds and notes are provided on the cash basis; interest on general capital indebtedness is on the cash basis.

Foreclosed Property -- Foreclosed property is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved.

Interfunds -- Interfund receivables in the Current Fund are recorded with offsetting reserves which are created by charges to operations. Income is recognized in the year the receivables are liquidated. Interfund receivables in the other funds are not offset by reserves.

Inventories of Supplies - The cost of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The cost of inventories are not included on the various balance sheets.

General Fixed Assets -- The City has not developed a fixed assets accounting and reporting system, as promulgated by the Division of Local Government Services, which differs in certain respects from generally accepted accounting principles.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2008 AND 2007**

Fixed assets used in governmental operations (general fixed assets) are accounted for in the General Fixed Assets Account Group. Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized.

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available except for land which is valued at estimated market value on the date of acquisition. No depreciation has been provided for in the financial statements.

Any capital assets of \$1,000 or more are capitalized

Expenditures for construction in progress are recorded in the Capital funds until such time as the construction is completed and put into operation.

Fixed assets acquired through grants in aid or contributed capital have not been accounted for separately.

The following schedule is a summarization of the changes in general fixed assets for the calendar year ended December 31, 2008.

	Balance 12/31/07	Additions	Disposals	Balance 12/31/08
Buildings	\$4,420,338	38,949		4,459,287
Vehicles	3,092,495		(74,000)	3,018,495
Equipment	1,242,885	145,381		1,388,266
Total General Fixed Assets	<u>\$8,755,718</u>	<u>184,330</u>	<u>(74,000)</u>	<u>8,866,048</u>

Levy of Taxes -- The County Board of Taxation certifies the tax levy of the municipality each year. The tax levy is based on the assessed valuation of taxable property within the municipality. Taxes are payable on the first day of February, May, August, and November. Any taxes that have not been paid by the 11th day of the 11th month in the fiscal year levied are subject to being included in the tax sale and the lien enforced by selling the property in accordance with NJSA 54:5 et. seq.

The municipality is responsible for remitting 100% of the school and county taxes to the respective agency. The loss for delinquent or uncollectible accounts is borne by the municipality and not the school district or county.

Capitalization of Interest -- It is the policy of the City of Northfield to treat interest on projects as a current expense and the interest is included in the current operating budget.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2008 AND 2007**

Use of Estimates -- The preparation of financial statements in conformity with generally accepted accounting principles or the regulatory basis of accounting requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

D. Comparative Data

Comparative total data for the prior year has been presented in the accompanying Balance Sheets and Statement of Operations in order to provide an understanding of changes in the City's financial position. However, comparative (i.e., presentation of prior year totals by fund type) data have not been presented in the Statement of Revenues – Regulatory Basis and the Statement of Expenditures – Regulatory Basis since their inclusion would make the statements unduly complex and difficult to read.

Note 2: BUDGETARY INFORMATION

Under New Jersey State Statutes, the annual budget is required to be a balanced cash basis document. To accomplish this, the municipality is required to establish a reserve for uncollected taxes. The 2008 and 2007 regulatory budget included a reserve for uncollected taxes in the amount of \$480,851 and \$365,703, respectively. To balance the budget, the municipality is required to show a budgeted fund balance. The amount of fund balance budgeted to balance the 2008 and 2007 regulatory budget was \$1,405,000 and \$1,309,000, respectively.

The Chief Financial Officer has the discretion of approving intra department budgetary transfers throughout the year. Inter department transfers are not permitted prior to November 1. After November 1 these transfers can be made in the form of a resolution and approved by City Council. The following budget transfers were approved in the 2008 calendar year.

<u>Budget Category</u>	<u>Amount</u>
Construction Code	
Salaries and Wages	\$ (500)
Construction Code	
Other Expenses	500

NJSA 40A:4-87 permits special items of revenue and appropriations to be inserted into the annual budget when the item has been made available by any public or private funding source and the item was not determined at the time of budget adoption. The following budget insertions were approved in the 2008 calendar year.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2008 AND 2007**

<u>Grant Name</u>	<u>Amount</u>
Over the Limit, Under Arrest	<u>5,000</u>
Total insertions for the year	<u><u>\$ 5,000</u></u>

The municipality may make emergency appropriations, after the adoption of the budget, for a purpose which was not foreseen at the time the budget was adopted or for which adequate provision was not made therein. This type of appropriation shall be made to meet a pressing need for public expenditure to protect or promote the public health, safety, morals or welfare or to provide temporary housing or public assistance prior to the next succeeding fiscal year. Emergency appropriations, except those classified as a special emergency, must be raised in the budget of the succeeding year. Special emergency appropriations are permitted to be raised in the budgets of the succeeding three or five years. As of December 31, 2008 the City has the following special emergency:

Revision of Tax Maps \$50,000.

Note 3: INVESTMENTS

Interest Rate Risk: The municipality does have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, New Jersey Statutes 40A:5-15.1(a) limits the length of time for most investments to 397 days. The City’s cash management plan limits maturities to one year or less.

Credit Risk: New Jersey Statutes 40A:5-15.1(a) limits municipal investments to those specified in the Statutes. The type of allowable investments are Bonds of the United States of America or of the local unit or school districts of which the local unit is a part of: obligations of federal agencies not exceeding 397 days; government money market mutual funds; the State of New Jersey Cash Management Plan; local government investment pools; or repurchase of fully collateralized securities.

Concentration of Credit Risk: The municipality places no limit on the amount the City may invest in any one issuer.

Note 4: CASH

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the government’s deposits may not be returned to it. The municipality’s policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in the New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 40A:5-15.1(a) that are treated as cash equivalents. As of December 31, 2008 and 2007, \$0 of the municipality’s bank balance of \$6,176,622 and \$7,103,352, respectively, was exposed to custodial credit risk.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2008 AND 2007**

Note 5: LONG TERM DEBT

Long-term debt as of December 31, 2008 consisted of the following:

	<u>Balance Beginning</u>	<u>Additions</u>	<u>Payments</u>	<u>Ending Balance</u>	<u>Due in One Year</u>
General	\$ 7,884,000		640,000	7,244,000	675,000
Comp. Absence	<u>1,016,870</u>	<u>83,434</u>	<u>27,524</u>	<u>1,072,780</u>	<u>-</u>
Total	<u>\$ 8,900,870</u>	<u>83,434</u>	<u>667,524</u>	<u>8,316,780</u>	<u>675,000</u>

Outstanding bonds whose principal and interest are paid from the Current Fund Budget of the City:

\$4,655,000 General Improvement Bond dated 9/1/02 payable in annual installments through 9/1/2015. Interest is paid semiannually at a rate of 2.50% to 4.00% per annum. The balance remaining as of December 31, 2008 was \$2,845,000.

\$4,999,000 General Improvement Bond dated 11/15/06 payable in annual installments through 12/1/2018. Interest is paid semiannually at a rate of 3.5% to 4.00% per annum. The balance remaining as of December 21, 2008 was \$4,399,000.

The aggregate debt requirements to maturity are as follows:

<u>Year</u>	<u>General Capital Fund</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2009	675,000	273,073	948,073
2010	730,000	250,322	980,322
2011	775,000	223,898	998,898
2012	820,000	195,435	1,015,435
2013	855,000	163,635	1,018,635
2014-2018	<u>3,389,000</u>	<u>308,090</u>	<u>3,697,090</u>
Total	<u>\$7,244,000</u>	<u>1,414,453</u>	<u>8,658,453</u>

General serial bonds are direct obligations of the City for which its full faith and credit are pledged, and are payable from taxes levied on all taxable property located within the Municipality.

As of December 31, 2008, the carrying value of the above bonds approximates the fair value of the bonds.

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2008 AND 2007

At December 31, 2008 and 2007, the City has authorized but not issued debt of \$950,000 and \$0, respectively.

Long-term debt as of December 31, consisted of the following:

Summary of Municipal Debt

	<u>2008</u>	<u>2007</u>	<u>2006</u>
General - Bonds, Loans and Notes	\$7,244,000	7,884,000	8,504,000
General - Bonds, Loans and Notes Authorized But Not Issued	950,000		
Net Bonds, Loans and Notes Issued and Authorized But Not Issued	<u>\$8,194,000</u>	<u>7,884,000</u>	<u>8,504,000</u>

Summary of Regulatory Debt Condition - Annual Debt Statement

The summarized statement of debt condition which follows is prepared in accordance with the required method of setting up the Annual Debt Statement and indicates a regulatory net debt of 0.68%.

	Gross Debt	Deductions	Net Debt
Local School District Debt	\$ 13,170,463	13,170,463	-
General Debt	8,194,000		8,194,000
	<u>\$ 21,364,463</u>	<u>13,170,463</u>	<u>8,194,000</u>

Net Debt \$8,194,000 ÷ Equalized Valuation Basis per N.J.S.A. 40A:2-2 as amended, \$1,204,299,873 = 0.68%.

Borrowing Power Under N.J.S.A. 40A:2-6 as Amended

3 1/2% of Equalized Valuation Basis (Municipal)	\$ 42,150,496
Net Debt	8,194,000
Remaining Borrowing Power	<u>\$ 33,956,496</u>

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2008 AND 2007**

Note 6: FUND BALANCES APPROPRIATED

The 2009 budget has not been introduced as of the date of the audit.

Note 7: SCHOOL TAXES

Local District School Taxes and Regional High School Tax have been raised on a calendar year basis. There were no Local District School Taxes or Regional High School taxes payable at December 31, 2008.

Note 8: TAXES COLLECTED IN ADVANCE

Taxes collected in advance are recorded as cash liabilities in the financial statements. Following is a comparison of the liability for the previous two years:

	Balance December 31, 2008	Balance December 31, 2007
Prepaid Tax	\$ 158,609	117,115
Cash Liability for Taxes Collected in Advance	<u>\$ 158,609</u>	<u>117,115</u>

Note 9: PENSION FUNDS

Description of Plans

Substantially all of the City's employees are covered by the Public Employees' Retirement System (PERS) and Police and Fireman's Retirement System (PFRS), a cost-sharing multiple-employer defined benefit pension plan which has been established by state statute and is administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of the System will be assumed by the State of New Jersey should the System terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and Police and Fireman's Retirement System. This report may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625 or the report can be accessed on the internet at http://www.state.nj.us/treasury/pensions/annrpts_archive.htm.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2008 AND 2007**

Public Employees' Retirement System

The Public Employees' Retirement System was established in January, 1955 under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full time employees of the State or any county, municipality, school district or public agency provided the employee is not required to be a member of another State-administered retirement system or other state or local jurisdiction.

Police and Fireman's Retirement System

The contribution policy for the PFRS is set by N.J.S.A. 43:16 and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. PFRS provides for employee contributions of 8.5% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate.

Funding Policy

The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 and N.J.S.A. 18:66, and requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. PERS provide for employee contributions of 5% thru June 30, 2008 and 5.5% from July 1, 2008 to December 31, 2008 of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in PERS and PFRS. The current PERS rate is 6.9% of covered payroll and for PFRS a rate of 8.5% of covered payroll. The City's contributions to PERS for the years ending December 31, 2008, 2007 and 2006 were \$101,057, \$53,736 and \$28,057 respectively, equal to the required contributions for each year. The City's contributions to PFRS for the years ending December 31, 2008, 2007 and 2006 were \$483,513, \$288,876 and \$190,394 respectively, equal to the required contributions for each year.

NOTE 10: POST-RETIREMENT BENEFITS

Plan Description

The New Jersey State Health Benefits Commission administers cost-sharing multiple-employer health care plans under the State Health Benefits Program and the School Employees' health . The New Jersey State Health Benefits Plan (SHBP) provides access to health care coverage to eligible retirees who qualify based on state law and local requirements. Coverage under the current program includes medical, prescription drug, mental health/substance abuse and Medicare Part B reimbursement to retirees and their covered dependents. The State of New Jersey pays a portion of the cost for retirees, spouses and dependents.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2008 AND 2007**

Members of the Public Employees' Retirement System would generally qualify for coverage under the following criteria:

Service Retirement	Eligible at age 60
Early Retirement	Eligible after 25 years of service
Service or Early Retirement Eligibility for State-paid SHBP Benefits	Attainment of 25 years of service
Ordinary Disability Retirement	Eligible after 10 years of service
Accidental Disability	Eligible upon total and permanent disability prior to age 65 as a result of a duty injury

Members of the Police and Firemen's Retirement System would generally qualify for coverage under the following criteria:

Service Retirement	Eligibility means age 55 or 20 years of credited service for an employee who is a member of the Retirement System as of January 18, 2000 and age 55 for an employee who became a member of the Retirement System after January 18, 2000. Mandatory at age 65.
Service or Early Retirement Eligibility for State-paid SHBP Benefits	Attainment of 25 years of service
Ordinary Disability Retirement	A Member is eligible for Ordinary Disability Retirement if he (she) has 4 years of service and is totally and permanently incapacitated from the performance of usual or available duties.
Accidental Retirement	Disability A member is eligible upon total and permanent incapacitation from the performance of usual and available duties as a result of injury during the performance of regular duties.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2008 AND 2007**

Special Disability Retirement	A member is eligible for Special Disability Retirement if he (she) has 5 years of Credited Service, is under age 55, and has received a heart transplant.
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The New Jersey State Health Benefits Plan issues a stand-alone financial report under GASB 43. To view the report, go to <http://www.state.nj.us/treasury/pensions/shbp.htm>.

The City is a member of the SHBP and provides that its retirees will be covered if they have participated in either the PERS or the PFRS for 25 years. During 2008, 2007 and 2006 the City paid the SHBP \$1,116,490, \$1,123,054 and \$1,114,507 respectively for health care of employees and retirees. The amount paid for retirees was \$458,230, \$410,901 and \$409,841 respectively.

Note 11: ACCRUED SICK AND VACATION BENEFITS

City employees are covered by union contracts specifying that vacation time may be carried over to the next calendar year, with prior permission. Sick leave may be accumulated from year to year and used as needed. Each contract details the amounts an employee will be compensated at retirement based on the current rate of pay upon retirement. It is estimated that the current cost of such unpaid compensation would approximate \$1,072,780 and \$1,016,870 as of December 31, 2008 and 2007, respectively. The policy of not reflecting the accrued benefit is not in agreement with GASB Statement No. 12 but is required by the State of New Jersey. Effective January 1, 2002 the State of New Jersey is allowing municipalities to accrue a compensated absence liability. The City has established a reserve trust fund the balance at December 31, 2008 and 2007 is \$721,952 and \$571,952, respectively.

Note 12: UNION CONTRACTS

As of December 31, 2008, the City's employees are organized in three collective bargaining units. The contracts with the Policeman's Benevolent Association will expire December 31, 2010, the UWU contract will expire December 31, 2012 and the IAFF contract expired December 31, 2011.

Bargaining Unit	Job Category	Members
PBA	Police	All uniformed police
UWU	Supervisory Employees and White and Blue Collar Employees	All employees except exempt employees, police, and fire
IAFF	Fire	All career fire fighters

Note 13: ECONOMIC DEPENDENCY

The City of Northfield is not economically dependent on any one business or industry within the City.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2008 AND 2007**

Note 14: LITIGATION

During the normal course of operations, lawsuits are brought against the governmental unit. As of this date the outcome of these lawsuits is not presently determinable and the City's counsel has not given any indication that settlements would have a material adverse effect on the City.

Note 15: DEFERRED COMPENSATION

Employees of the City may participate in a deferred compensation plan adopted under the provisions of Internal Revenue Code Section 457 (Deferred Compensation Plans With Respect to Service for State and Local Governments).

The deferred compensation plan is available to all employees of the City. Under the plan, employees may elect to defer a portion of their salaries and avoid paying taxes on the deferred portion until the withdrawal date. The deferred compensation amount is not available for withdrawal by employees until termination, retirement, death, or unforeseeable emergency.

An unrelated financial institution administers the deferred compensation plan. Under the terms of an IRC Section 457 deferred compensation plan, all deferred compensation and income attributable to the investment of the deferred compensation amounts held by the financial institution, until paid or made available to the employees or beneficiaries, are the property of the employees.

As part of its fiduciary role, the City has an obligation of due care in selecting the third party administrator. In the opinion of the City's legal counsel, the City has acted in a prudent manner and is not liable for losses that may arise from the administration of the plan.

Note 16: CONTRACTS AND COMMITMENTS

As of December 31, 2008, the City had outstanding balances on various contracts in the amount of \$591,681. These contracts are funded through grants from the State of New Jersey Department of Transportation, and Bond Ordinances adopted by the City.

Note 17: INTERFUND BALANCES

As of December 31, 2008, the following interfunds were included on the balance sheets of the various funds of the City of Northfield:

NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2008 AND 2007

	<u>Due From</u>	<u>Due To</u>
Current Fund		
Federal and State Grant Fund		102,029
Dog Fund	\$ 2,092	
Federal and State Grant Fund:		
Current Fund	102,029	
Dog Fund:		
Current Fund		2,092
	<u>\$ 104,121</u>	<u>104,121</u>

The grant appropriations are expended prior to receipt of awards. The current fund must advance funds. The dog fund had a statutory excess at year end.

Note 18: RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

Property and Liability Insurance – The City maintains commercial insurance coverage for property, liability and surety bonds.

The City of Northfield is a member of the Atlantic County Municipal Joint Insurance Fund and the Municipal Excess Liability Fund which also includes other municipalities throughout the region. The City is obligated to remit insurance premiums into these funds for sufficient insurance coverage. There is an unknown contingent liability with the Atlantic County Municipal Joint Insurance Fund if there is a catastrophic insurance claim from any member of the fund. The City has a liability limit of \$10,000,000 under MEL. There has not been a reduction in coverage and there have not been any claims in excess of coverage.

New Jersey Unemployment Compensation Insurance – The City has elected to fund its New Jersey Unemployment Compensation Insurance under the “Contributory Method”.

There was no decrease in coverage or payments in excess of the City’s coverage during 2008.

**NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2008 AND 2007**

Note 19: LENGTH OF SERVICE AWARDS PROGRAM (Unaudited)

During the year 2001 the voters of the City of Northfield approved the establishment of a Length of Service Awards Program (LOSAP) Deferred Compensation Plan. This plan is made available to all bona fide eligible volunteers who performed qualified services which are defined as fire fighting and prevention services, emergency medical services and ambulance services pursuant to Section 457 of the Internal Revenue Code of 1986, as amended, except for provisions added by reason of the LOSAP as enacted into federal law in 1997. The establishment of this LOSAP complies with New Jersey Public Law 1997, Chapter 388 and the LOSAP Document. The City has included \$22,500 in the 2008 budget for contributions to the LOSAP for volunteers who have met the established criteria. The 2009 budget has not been introduced.

SUPPLEMENTARY INFORMATION

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**ALLIANCE OF
GOVERNMENTAL
AUDITORS, LLC**

PO Box 548, Mays Landing, NJ 08330
609-625-0999 FAX 609-625-2421

A JOINT VENTURE OF

SWARTZ & CO.,LLC &

TRACEY HEUN BRENNAN & CO. CPAs, PC

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

The Honorable Mayor and
Members of City Council
City of Northfield, New Jersey

We have audited the financial statements - regulatory basis of the City of Northfield, New Jersey as of and for the year ended December 31, 2008, and have issued our report thereon dated April 3, 2009. Our report disclosed that, as described in Note 1 to the financial statements – regulatory basis, the City of Northfield, New Jersey prepares its financial statements on a basis of accounting prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey, that demonstrates compliance with a modified accrual basis of accounting and the budget laws of the State of New Jersey, which practices differ from accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and audit requirements prescribed by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the “Division”)

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Northfield, New Jersey's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements - regulatory basis but not for the purpose of expressing an opinion on the effectiveness of the City of Northfield's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Northfield's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purposes described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Northfield, New Jersey's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* or the requirements of the Division of Local Government Services.

We noted certain matters that we reported to management of the City of Northfield, New Jersey in a separate letter dated April 3, 2009.

This report is intended solely for the information and use of management, the Finance Committee and the State of New Jersey, Division of Local Government Services and is not intended to be and should not be used by anyone other than these specified parties.

Kenneth W. Moore

Kenneth W Moore, CPA
Registered Municipal Accountant
No. 231

Alliance of Governmental Auditors, LLC

Alliance of Governmental Auditors, LLC
Certified Public Accountants

April 3, 2009

**SCHEDULE OF FEDERAL AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2008**

Schedule 1
Sheet 1

Federal or State Grantor/Pass-Through Grantor/Program Title	CFDA #/ Pass Through Grantor's #	Grant Period From	To	Program or Award Amount	Balance 12/31/07	Receipts or Revenue Recognized	Disbursements/ Expenditures	Cancelled	Balance 12/31/08	Cumulative Expenditures
STATE OF NEW JERSEY										
Department of Environmental Protection										
Clean Communities	4900-765-042-4900-004	01/01/08	12/31/08	10,931	-	10,931	10,000		931	10,000
Clean Communities	4900-765-042-4900-004	01/01/07	12/31/07	7,076	7,076		7,076		-	7,076
Municipal Alliance	4250-760-050000-63-262	01/01/08	12/31/08	10,552		10,552	10,551	1	1	10,551
Municipal Alliance	4250-760-050000-63-262	01/01/07	12/31/07	10,075	2,180		2,180		-	10,075
Department of Transportation										
New Jersey Transportation Trust Fund Authority Act	6320-480-601395-61	01/01/08	12/31/08	140,000		140,000	9,700		130,300	9,700
State of New Jersey State Police										
Alcohol Education Rehabilitation Fund	9735-760-098-Y900-001	01/01/08	12/31/08	4,370		4,370			4,370	-
Alcohol Education Rehabilitation Fund	9735-760-098-Y900-001	01/01/07	12/31/07	1,857	1,857		1,303		554	1,303
Alcohol Education Rehabilitation Fund	9735-760-098-Y900-001				3,347		3,347			3,347
Safe and Secure Communities	100-066-1020-107	01/01/08	12/31/08	55,659		55,659	55,659		-	55,659
Body Armor	1020-718-066-1020	01/01/08	12/31/08	2,567		2,567			2,567	
Body Armor	1020-718-066-1020	01/01/07	12/31/07	2,360	2,360		1,372		988	1,372
Body Armor	1020-718-066-1020				4,967		4,967		-	4,967
Click it or Ticket		01/01/08	12/31/08	4,000		4,000	3,967	33	33	3,967
Over the Limit Under Arrest		01/01/08	12/31/08	9,897		9,897	9,816	81	81	9,816
Drunk Driving Enforcement		01/01/08	12/31/08	4,448		4,448			4,448	-
Drunk Driving Enforcement		01/01/07	12/31/07	4,620	4,620		4,589		31	4,589
Drunk Driving Enforcement					16,802		16,530	272	272	16,530
Total State Assistance					\$ 43,209	242,424	141,057	387	144,576	148,952

See Accompanying Notes to Schedule of Expenditures of Federal and State Awards

**SCHEDULE OF FEDERAL AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2008**

Schedule 1
Sheet 2

Federal or State Grantor/Pass-Through Grantor/Program Title	CFDA #/ Pass Through Grantor's #	Grant Period From	To	Program or Award Amount	Balance 12/31/07	Receipts or Revenue Recognized	Disbursements/ Expenditures	Cancellation	Balance 12/31/08	Cumulative Expenditures
FEDERAL:										
US Department of Justice Bullet Proof Vests	16.607	01/01/08	12/31/08	1,625	-	1,625	-	-	1,625	-
Total Department of Justice					-	1,625	-	-	1,625	-
Homeland Security Federal Homeland Security - Fire	97.067	01/01/08	12/31/08	69,920	-	69,920	69,916	4	-	69,916
Total Homeland Security					-	69,920	69,916	4	-	69,916
Department of Environmental Protection Stormwater Grant	66.605	01/01/08	12/31/08	8,468	8,468	-	-	-	8,468	-
Total Department of Environmental Protection					8,468	-	-	-	8,468	-
Department of Agriculture Recreation Trails Program	10.XXX	01/01/07	12/31/07	25,000	25,000	-	25,000	-	-	25,000
Total Department of Agriculture					25,000	-	25,000	-	-	25,000
Housing and Urban Development Small Cities Community Development Block	14.218	01/01/08	12/31/08	28,578	-	28,578	28,578	-	-	28,578
Small Cities Community Development Block	14.218	01/01/07	12/31/07	28,957	28,924	-	28,924	-	-	28,957
Total Housing and Urban Development					28,924	28,578	57,502	-	-	57,535
Total Federal Assistance					\$ 62,392	100,123	152,418	4	10,093	152,451

See Accompanying Notes to Schedule of Expenditures of Federal and State Awards

**CURRENT FUND
SCHEDULE OF CASH - TREASURER**

	<u>Ref.</u>	<u>Current Fund</u>
Balance December 31, 2007	A	\$ 3,932,535
Increased by Receipts:		
Taxes Receivable	A-9	\$ 23,109,176
Due from State of New Jersey (c.73, P.L.1976)	A-12	157,000
Prepaid Taxes	A-19	158,609
Prepaid Sewer		540
Tax Overpayments	A-20	64,232
Sewer Overpayments	A-7	2,185
Federal and State Grants	A-5	348,516
Miscellaneous Revenue Anticipated	A-13	2,820,351
Miscellaneous Revenue Not Anticipated	A-2	116,340
Payroll and Withholdings	A-15	1,240,666
Reserve for Garden State Trust	A	47
Interfunds returned		50,763
Due State for DCA Fees		894
Due State for Burial Fees		970
Due State for Marriage Licenses	A-25	825
		<u>28,071,114</u>

See Accompanying Auditor's Report

**CURRENT FUND
SCHEDULE OF CASH - TREASURER**

	<u>Ref.</u>	<u>Current Fund</u>
Decreased by Disbursements:		
2007 Appropriation Reserves	A-18	442,091
2008 Appropriations	A-3	9,441,274
County Taxes	A-21	3,158,137
County Added Taxes	A-22	12,472
Regional High School Tax	A-24	4,607,854
Local District School Tax	A-23	8,685,559
Due State for Marriage Licenses	A-25	925
Payroll Taxes Paid	A-15	1,238,936
Due State for Burial Permits		1,080
Due State for DCA		1,508
Refund of Tax Overpayments	A-20	27,185
Refund of Sewer Overpayments		90
Refunds of Revenue		988
Federal and State Grant Expenditures	A-5	<u>367,694</u>
		<u>27,985,793</u>
Balance December 31, 2008	A	<u><u>\$ 4,017,856</u></u>

See Accompanying Auditor's Report

CURRENT FUND
SCHEDULE OF DUE TO/(FROM) FEDERAL AND STATE GRANT FUND

Balance December 31, 2007	<u>Ref.</u> A		\$ (49,030)
Increased by:			
Cancellation of Grants Appropriated	A-17	\$ 341,998	
Prior Year Encumbrance	A-4	12,823	
Cash Disbursed	A-17:4	354,871	
Realized as Anticipated Revenue	A-14	<u>1,343,647</u>	
			<u>2,053,339</u>
			(2,102,369)
Decreased by:			
Cancellation of Grants Receivable	A-14	353,867	
Cash Received	A-14:16	348,516	
Budget Appropriation	A-17	<u>1,502,015</u>	
			<u>2,204,398</u>
Balance December 31, 2008	A		\$ <u><u>102,029</u></u>

**CURRENT FUND
SCHEDULE OF SEWER RENTS RECEIVABLE**

	<u>Ref.</u>		
Balance December 31, 2007	A		\$ 37,441
Increased by:			
Sewer Billings	Res.		<u>1,103,647</u>
			1,141,088
Decreased by:			
Canceled	Res	2,300	
Collections	A-13	1,092,230	
Overpayments Applied	A-7:A-13	<u>195</u>	
			<u>1,094,725</u>
Balance December 31, 2008	A		\$ <u><u>46,363</u></u>

SCHEDULE OF SEWER RENT OVERPAYMENTS

	<u>Ref.</u>		
Balance December 31, 2007	A		\$ 195
Increased by:			
Overpayments in 2008	A-4		<u>2,185</u>
			2,380
Decreased by:			
Applied	A-1	<u>195</u>	
			<u>195</u>
Balance December 31, 2008	A		\$ <u><u>2,185</u></u>

**CURRENT FUND
SCHEDULE OF CHANGE FUNDS**

Office	Balance Dec. 31, 2007	Received From Treasurer	Returned to Treasurer	Balance Dec. 31, 2008
City Clerk	\$ 100			100
Municipal Court	150			150
Tax Collector	100			100
	<u>\$ 350</u>	<u>-</u>	<u>-</u>	<u>350</u>
Ref.	A	A-4	A-4	A

**CURRENT FUND
SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY**

Year	Balance 12/31/2007	2008 Levy	Added Taxes	Collections by Cash		(Transfers) or Canceled	Overpayments Applied	Transferred To Tax Title Liens	Balance 12/31/2008
				2007	2008				
Arrears \$	-					(13,959)			13,959
2007	328,585				309,998	18,505		82	-
	328,585				309,998	4,546	-	82	13,959
2008		23,412,222	192,874	117,115	22,956,678	138,684	22,355	1,823	368,441
\$	328,585	23,412,222	192,874	117,115	23,266,676	143,230	22,355	1,905	382,400
Ref.	A			A-19		Res.	A-20	A-10	A
			Cash	Ref.					
		State of New Jersey (c.73,P.L. 1976)		A-4	\$ 23,109,176				
				A-12	157,500				
					\$ 23,266,676				

**CURRENT FUND
SCHEDULE OF TAXES RECEIVABLE AND ANALYSIS OF PROPERTY TAX LEVY**

Analysis of 2008 Property Tax Levy	<u>Ref.</u>		
Tax Yield:			
General Property Tax		\$	23,412,222
Added Taxes (54:4-63.1 et seq.)			192,874
Omitted Taxes (54:4-63.12 et seq.)			<u> </u>
		\$	<u><u>23,605,096</u></u>
Tax Levy:			
Regional High School Tax (Abstract)	A-29	\$	4,607,854
Local School District Tax (Abstract)	A-28		8,685,559
County Taxes:			
County Tax (Abstract)	A-26	\$	2,767,845
County Health Service Tax (Abstract)	A-26		145,296
County Open Space Tax (Abstract)	A-26		244,996
Due County for Added Taxes (R.S. 54:4-63.1 et seq.)	A-27		<u>18,113</u>
Total County Taxes			3,176,250
Local Tax for Municipal Purposes	A-2		7,017,560
Add: Additional Tax Levied			<u>117,873</u>
			<u>7,135,433</u>
		\$	<u><u>23,605,096</u></u>

See Accompanying Auditor's Report

**CURRENT FUND
SCHEDULE OF LIENS**

	<u>Ref.</u>		
Balance December 31, 2007	A	\$	9,249
Increased by:			
Transfers			
Receivable	A-9	\$	<u>6,740</u>
			<u>6,740</u>
			15,989
Decreased by:			
Collected in 2008	A-2:A-4		<u>1,856</u>
			<u>1,856</u>
Balance December 31, 2008	A	\$	<u><u>14,133</u></u>
 <u>Analysis of Balance:</u>			
Tax Title Liens	11,207		
Sewer Liens	1,079		
Miscellaneous Liens	<u>1,847</u>		
	<u><u>14,133</u></u>		

**SCHEDULE OF PROPERTY ACQUIRED FOR TAXES
(AT ASSESSED VALUATION)**

	<u>Ref.</u>		
Balance December 31, 2008 and 2007	A	\$	<u><u>19,200</u></u>

**CURRENT FUND
SCHEDULE OF DUE FROM/(TO) STATE OF NEW JERSEY
CHAPTER 20, P.L. 1971**

Balance December 31, 2007	<u>Ref.</u> A		\$ (12,700)
Increased by:			
Received from State of New Jersey	A-4	157,000	
Deductions Disallowed by Collector		<u>1,250</u>	
		<u>158,250</u>	
			<u>158,250</u>
			170,950
Decreased by:			
Deductions per Tax Billing:			
Senior Citizen		35,250	
Veterans		120,500	
Deductions Allowed by Collector		<u>3,000</u>	
		<u>158,750</u>	
			<u>158,750</u>
Balance December 31, 2008	A		\$ <u><u>(12,200)</u></u>
<u>Analysis of Amount Realized:</u>			
Senior Citizens' and Veterans'			
Deductions Per Tax Billings		\$ 155,750	
Senior Citizens' and Veterans'			
Deductions Allowed by Tax Collector - 2008		<u>3,000</u>	
			\$ 158,750
Less:			
Senior Citizens' and Veterans'			
Deductions Disallowed by Tax Collector - 2008			<u>1,250</u>
	A-9		\$ <u><u>157,500</u></u>

See Accompanying Auditor's Report

**CURRENT FUND
SCHEDULE OF REVENUE ACCOUNTS RECEIVABLE**

	Ref.	Balance 12/31/2007	Accrued In 2008	Collected	Balance 12/31/2008	
Miscellaneous Revenues Anticipated						
Alcoholic Beverage Licenses	A-2	\$ -	4,800	4,800	-	
Other Licenses	A-2	-	78,060	78,060	-	
Fees and Permits	A-2	-	89,347	89,347	-	
Municipal Court:						
Fines and Costs	A-2	15,047	247,241	248,040	14,248	December
Interest and Costs on Taxes	A-2	-	80,059	80,059	-	
Interest on Investments and Deposits	A-2	-	140,854	140,854	-	
Sewerage Rentals	A-2	-	1,092,230	1,092,230	-	
Interest and Costs on Sewer	A-2	-	14,745	14,745	-	
Energy Receipt Taxes	A-2	-	625,681	625,681	-	
Consolidated Municipal Tax Relief Act	A-2	-	189,656	189,656	-	
Garden State Trust	A-2	-	55	55	-	
Uniform Construction Code Fees	A-2	-	106,426	106,426	-	
County Share - Road Realignment	A-2	-	6,783	6,783	-	
Linwood Share - Road Realignment	A-2	-	1,873	1,873	-	
Linwood Share - Sewerage Department Costs-						
Interlocal Service Agreement	A-2	-	113,132	113,132	-	
Uniform Fire Safety Act Fees	A-2	-	6,909	6,909	-	
Utility Assessment Fund	A-2	-	1,256	1,256	-	
Library Rent	A-2	-	20,500	20,500	-	
		\$ 15,047	2,819,607	2,820,406	14,248	
	Ref.	A			A	
			Cash Receipts	A-4 2,820,351		
			Prior Receipts	55		
				<u>2,820,406</u>		

See Accompanying Auditor's Report

**FEDERAL AND STATE GRANT FUND
SCHEDULE OF FEDERAL AND STATE GRANTS RECEIVABLE**

<u>Grant</u>	<u>Balance 12/31/2007</u>	<u>Anticipated Revenue</u>	<u>Received</u>	<u>Canceled</u>	<u>Balance 12/31/2008</u>
Clean Communities Program	\$	10,931	10,931		-
Safe and Secure State		55,659	55,659		-
Alcohol Education Rehabilitation Fund		4,370	4,370		-
DDEF-DWI Police		4,448	4,448		-
NJ DOT - Roosevelt Avenue II	37,500		37,500		-
NJ DOT - Banning Avenue	59,250		59,250		-
Body Armor		2,567	2,567		-
US Dept. of Justice Bulletproof Vest		1,625			1,625
Atlantic County Open Space	350,000	1,000,000		350,000	1,000,000
Municipal Alliance Grant					
2007 Grant	10,075		6,326	3,749	-
2008 Grant		10,552			10,552
NJ Transportation Trust - Safe Streets to Schools		140,000			140,000
Council on the Arts	275	1,100	1,100		275
DEP Stormwater	4,234		2,116		2,118
Community Development Block Grant	28,924	28,578	57,502		-
Click It or Ticket		4,000	3,967	33	-
Federal Recreation Trails	25,000		25,000		-
Federal Homeland Security - Fire		69,920	69,916	4	-
Over the Limit Under Arrest		9,897	9,816	81	-
	<u>\$ 515,258</u>	<u>1,343,647</u>	<u>350,468</u>	<u>353,867</u>	<u>1,154,570</u>
<u>Ref.</u>	A	A-2		A-5	A
		Current Fund	A-4	346,181	
		Transferred from Unappropriated Reserves	A-16	<u>4,287</u>	
				<u>350,468</u>	

SCHEDULE OF PAYROLL TAXES PAYABLE

	<u>Ref.</u>	
Balance December 31, 2007	A	\$ 30,148
Increased by:		
Cash Received	A-4	<u>1,240,666</u>
		1,270,814
Decreased by:		
Cash Disbursed	A-4	<u>1,238,936</u>
Balance December 31, 2008	A	\$ <u><u>31,878</u></u>

**FEDERAL AND STATE GRANT FUND
SCHEDULE OF FEDERAL AND STATE GRANTS - UNAPPROPRIATED**

<u>Grant</u>	<u>Balance Dec. 31, 2007</u>	<u>Received</u>	<u>Anticipated in 2008 Budget</u>	<u>Balance Dec. 31, 2008</u>
DWI - Alcohol Education And Rehabilitation Court Salaries and Wages	\$ 1,720		1,720	-
Body Armor Grant	2,567	2,335	2,567	2,335
	<u>4,287</u>	<u>2,335</u>	<u>4,287</u>	<u>2,335</u>
Ref.	A	A-5	A-14	A

See Accompanying Auditor's Report

**FEDERAL AND STATE GRANT FUND
SCHEDULE OF FEDERAL AND STATE GRANTS - APPROPRIATE**

<u>Grant</u>	<u>Balance 12/31/2007</u>	<u>2008 Budget Appropriation</u>	<u>Expended</u>	<u>(Canceled Prior Encumb.) Canceled</u>	<u>Balance 12/31/2008</u>
Drunk Driving Enforcement Fund					
Police Salaries and Wages	\$ 21,988	4,448	22,119	(272)	4,589
Clean Communities Program	-	10,931	17,076	(7,076)	931
Municipal Alliance Grant					
County Share	2,180	10,552	12,731	1	-
Local Share	26	2,638	2,788	(124)	-
Safe and Secure Communities Program					
State Share		55,659	55,659		-
Local Share		137,050	137,050		-
NJ Transportation Trust					
State Share		140,000	9,700		130,300
Local Share		15,000	15,000		-
Federal Homeland Security - Fire					
Federal Share		69,920	69,916	4	-
Local Share		3,680	3,680		-
Alcohol Education Rehabilitation Fund	5,204	4,370	4,650		4,924
US Department of Justice - Bulletproof Vest		1,625			1,625
Body Armor	7,327	2,567	6,988	(649)	3,555
Atlantic County Open Space	350,000	1,000,000		350,000	1,000,000
NJ DOT - Banning Avenue					-
Community Development Block Grant	28,924	28,578	57,502		-
Click It or Ticket		4,000	3,967	33	-
Over the Limit Under Arrest		9,897	9,816	81	-
NJ DEP Stormwater Grant	8,468				8,468
Federal Recreation Trails Program	25,000		25,000		-
Council on the Arts		1,100	1,100		-
	<u>\$ 449,117</u>	<u>1,502,015</u>	<u>454,742</u>	<u>341,998</u>	<u>1,154,392</u>

Ref.

A

A-3

A

Encumbered	A	\$ 99,871
Current Fund	A-4	<u>354,871</u>
		<u>\$ 454,742</u>

See Accompanying Auditor's Report

**CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES**

	<u>Balance 12/31/2007</u>	<u>Balance After Transfers</u>	<u>Paid</u>	<u>Balance Lapsed</u>
Operations Within "CAP":				
General Administration				
Salaries and Wages	\$ 28,235	28,235	27,756	479
Other Expenses	16,823	16,823	10,078	6,745
Mayor and Council				
Other Expenses	3,467	3,467	905	2,562
City Clerk				
Other Expenses	23,212	23,212	18,561	4,651
Financial Administration				
Other Expenses	1,696	1,696	1,029	667
Tax Collector				
Other Expenses	557	557	271	286
Planning Board				
Other Expenses	141	141	35	106
Tax Assessment Administration				
Other Expenses	919	919	650	269
Legal Services and Costs				
Other Expenses	20,868	20,868	18,122	2,746
Engineering				
Other Expenses	11,042	11,042	7,704	3,338
Public Buildings and Grounds				
Other Expenses	8,114	8,114	4,009	4,105
Solid Waste Collection	76,430	76,430	44,041	32,389
Fire Department				
Other Expenses	1,236	1,236	1,066	170
Sewer				
Other Expenses	4,549	4,549	3,442	1,107
Police Services				
Salaries and Wages	177,459	27,459		27,459
Other Expenses	56,079	56,079	53,849	2,230
Emergency Management				
Other Expenses	2,448	2,448	125	2,323
Municipal Court				
Other Expenses	7,531	7,531	293	7,238
Streets and Roads				
Other Expenses	9,252	9,252	7,154	2,098
Maintenance of Auto Equipment				
Other Expenses	13,153	13,153	11,386	1,767
Animal Control Services				
Other Expenses	1,400	1,400	1,400	-
Parks and Playgrounds				
Other Expenses	355	355	355	-
All Sports	928	928	155	773

See Accompanying Auditor's Report

**CURRENT FUND
SCHEDULE OF APPROPRIATION RESERVES**

	<u>Balance Dec. 31, 2007</u>	<u>Balance After Transfers</u>	<u>Paid</u>	<u>Balance Lapsed</u>
Uniform Construction Code				
Construction Code Official				
Other Expenses	2,600	2,600	34	2,566
Zoning / Housing Officer				
Other Expenses	1,095	1,095	128	967
Utilities				
Natural Gas	12,967	12,967	1,816	11,151
Internet	2,700	2,700	300	2,400
Gasoline	17,919	17,919	11,714	6,205
Electricity	11,733	11,733	7,792	3,941
Telephone and Telegraph	11,313	11,313	3,549	7,764
Water Service	1,425	1,425	379	1,046
Street Lighting	19,253	19,253	10,154	9,099
Capital Improvements Excluded from "CAP":				
Sewer Repairs	18,193	18,193	17,700	493
PERS	1,083	1,083	833	250
Insurance				
Other	18,162	18,162	6,341	11,821
LOSAP	22,000	22,000	18,000	4,000
Linwood - Interlocal Agreement	79,194	79,194	253	78,941
Reserve for Accumulated Leave	-	150,000	150,000	-
DOT Match	15,000	15,000	712	14,288
Other Accounts - No Changes	<u>519,929</u>	<u>519,929</u>		<u>519,929</u>
	\$ <u>1,220,460</u>	<u>1,220,460</u>	<u>442,091</u>	<u>778,369</u>

Ref.

A-4

A-1

Appropriation Reserves	\$ 607,715
Encumbrances Payable	<u>612,745</u>
	\$ <u>1,220,460</u>

**CURRENT FUND
SCHEDULE OF PREPAID TAXES**

	<u>Ref.</u>		
Balance December 31, 2007	A	\$	117,115
Increased by:			
Collection (2009 Taxes)	A-4	<u>158,609</u>	<u>158,609</u>
			275,724
Decreased by:			
Application to 2008 Taxes	A-9	<u>117,115</u>	<u>117,115</u>
Balance December 31, 2008 (2009 Taxes)	A	\$	<u><u>158,609</u></u>

SCHEDULE OF TAX OVERPAYMENTS

	<u>Ref.</u>		
Balance December 31, 2007	A	\$	12,517
Increased by:			
Adjustment Overpayments in 2008	A-4	<u>64,232</u>	<u>64,232</u>
			76,749
Decreased by:			
Application to Taxes	A-9	\$ 22,355	
Adjustment		291	
Refunds	A-4	<u>27,185</u>	<u>49,831</u>
Balance December 31, 2008	A	\$	<u><u>26,918</u></u>

**CURRENT FUND
SCHEDULE OF COUNTY TAXES**

	<u>Ref.</u>	
Balance December 31, 2007		\$ -
Increased by:		
County General	\$ 2,767,845	
County Local Health	145,296	
County Open Space	244,996	
		<u>3,158,137</u>
	A-1:A-9	<u>3,158,137</u>
Decreased by:		
Payments to County	A-4	<u>3,158,137</u>
Balance December 31, 2008		\$ <u><u>-</u></u>

**CURRENT FUND
SCHEDULE OF AMOUNT DUE TO COUNTY FOR ADDED TAXES**

	<u>Ref.</u>	
Balance December 31, 2007		\$ 12,472
Increased by:		
County Share of 2008 Levy	A-1:A-9	<u>18,113</u>
		30,585
Decreased by:		
Payments to County	A-4	<u>12,472</u>
Balance December 31, 2008		<u><u>\$ 18,113</u></u>

**CURRENT FUND
SCHEDULE OF LOCAL DISTRICT SCHOOL TAX**

	<u>Ref.</u>	
Balance December 31, 2007	A	\$ -
Increased by:		
Levy - Calendar Year 2008	A-1:A-9	<u>8,685,559</u>
		8,685,559
Decreased by:		
Payments	A-4	<u>8,685,559</u>
Balance December 31, 2008	A	\$ <u><u>-</u></u>

SCHEDULE OF REGIONAL HIGH SCHOOL TAX

	<u>Ref.</u>	
Balance December 31, 2007	A	\$
Increased by:		
Levy - Calendar Year 2008	A-1:A-9	<u>4,607,854</u>
Decreased by:		
Payments	A-4	<u>4,607,854</u>
Balance December 31, 2008	A	\$ <u><u>-</u></u>

CURRENT FUND
SCHEDULE OF DUE TO STATE OF NEW JERSEY - MARRIAGE LICENSE FEES

	<u>Ref.</u>		
Balance December 31, 2007	A	\$	275
Increased by:			
Cash Received for State Share of Licenses	A-4		<u>825</u>
			1,100
Decreased by:			
Cash Disbursed to State of New Jersey	A-4		<u>925</u>
Balance December 31, 2008	A	\$	<u><u>175</u></u>

**TRUST FUND
SCHEDULE OF CASH - TREASURER**

	Ref.	Assessment	Animal Control	Other
Balance December 31, 2007		\$ 1,256	10,356	1,567,119
Increased by Receipts:				
Collector	B-3	623		
Animal Control Fees	B-6		3,313	
State Fees	B-8		862	
Miscellaneous Dog Fees	B-7		907	
Cultural Committee				3,631
Municipal Alliance				120
Accumulated Sick and Vacation				150,000
Parking Offense Adjudication Act				14
Recycling				-
Joint Insurance Funds				4,840
Public Defender				4,125
Snow Removal	B-12			-
Law Enforcement Forfeiture	B-9			5,334
Small Cities Program	B-10			29,710
Escrow Review Fees	B-11			609,837
Redemption of Tax Title Liens	B-18			59,398
Tax Sale Premiums	B-19			-
Fees and Permits -				
Birch Grove Park	B-13			65,187
Recreation Impact Fees	B-13			-
Due to the State of NJ - Sales Tax	B-13			
Outside Employment of Police	B-14			17,847
		<u>623</u>	<u>5,082</u>	<u>950,043</u>
		<u>1,879</u>	<u>15,438</u>	<u>2,517,162</u>
Decreased by Disbursements:				
Transfer to Current Fund	B-3,7,14	1,256		
Dog Fund Expenditures	B-6		1,801	
State Fees	B-8		862	
Due to Current Fund			1,733	
Cultural Committee				5,372
Accumulated Sick and Vacation				-
Parking Offense Adjudication Act				125
Joint Insurance Funds				4,234
Public Defender				2,600
Law Enforcement Forfeiture	B-9			28,221
Contractors' Expenditures	B-11			655,368
Redemption of Tax Title Liens	B-18			59,398
Tax Sale Premiums	B-19			-
Birch Grove Park Expenditures	B-13			72,576
Due to the State of NJ - Sales Tax	B-13			
Outside Employment of Police	B-14			17,160
		<u>1,256</u>	<u>4,396</u>	<u>845,054</u>
Balance December 31, 2008	B	\$ <u>623</u>	<u>11,042</u>	<u>1,672,108</u>

**TRUST FUND
SCHEDULE OF CASH - COLLECTOR**

	<u>Ref.</u>	<u>Assessments</u>
Balance December 31, 2007		\$ 1,256
Increased By Receipts:		
Assessments Receivable	B-5	570
Interest Receivable	B-4	<u>53</u>
		623
Decreased by Disbursements:		
Paid to Treasurer	B-2	<u>1,256</u>
Balance December 31, 2008		\$ <u><u>623</u></u>

**TRUST FUND
ANALYSIS OF ASSESSMENT CASH AND INVESTMENTS**

<u>Assessments Receivable</u>	<u>Balance December 31, 2007</u>	<u>Receipts</u>		<u>Interfund</u>	<u>Balance December 31, 2008</u>
		<u>Assessments</u>	<u>Miscellaneous</u>	<u>Disbursements</u>	
Fund Balance	\$ 1,256	570	53	1,256	623
	<u>\$ 1,256</u>	<u>570</u>	<u>53</u>	<u>1,256</u>	<u>623</u>

See Accompanying Auditor's Report

**TRUST FUND
SCHEDULE OF ASSESSMENTS RECEIVABLE**

<u>Ordinance Number</u>	<u>Improvement Description</u>	<u>Date of Confirmation</u>	<u>Annual Installments</u>	<u>Due Date</u>	<u>Balance December 31, 2007</u>	<u>Adjustment</u>	<u>Collected</u>	<u>Balance December 31, 2008</u>	<u>Balance Pledged to Reserve</u>
3-02	Extension of Water System	12/2/2003	5		570		570	-	-
					\$ <u>570</u>	<u>-</u>	<u>570</u>	<u>-</u>	<u>-</u>
						B-4	B-4	B	B

TRUST FUND
SCHEDULE OF RESERVE FOR ANIMAL CONTROL EXPENDITURES

Balance December 31, 2007	<u>Ref.</u> B		\$ 8,623
Increased by:			
Animal Control Fees Collected - 2008	B-2		<u>3,313</u>
			11,936
Decreased by:			
Dog License Expenses	B-2	1,801	
Excess reserve due to Current	B-7	<u>1,185</u>	
			<u>2,986</u>
Balance December 31, 2008	B		<u>\$ 8,950</u>

License Fees Collected:	
<u>Year</u>	<u>Amount</u>
2006	\$ <u>4,524</u>
2007	<u>4,426</u>
	<u>\$ <u>8,950</u></u>

**TRUST FUND
SCHEDULE OF AMOUNT DUE (TO)FROM CURRENT FUND -
ANIMAL CONTROL FUND**

	<u>Ref.</u>		
Balance December 31, 2007	A:B	\$	(1,733)
Increased by:			
Excess reserve paid to Current	B-2		<u>1,733</u>
			-
Decreased by:			
Interest	B-2	7	
Late fees	B-2	330	
Cat Licenses	B-2	570	
Excess reserve due to Current	B-6	<u>1,185</u>	
			<u>2,092</u>
Balance December 31, 2008	A:B	\$	<u><u>(2,092)</u></u>

**SCHEDULE OF AMOUNT DUE TO(FROM) STATE OF NEW JERSEY -
DEPARTMENT OF HEALTH**

	<u>Ref.</u>		
Balance December 31, 2007	B	\$	-
Increased by:			
2008 State License Fees	B-2		<u>862</u>
			862
Decreased by:			
Disbursements to the State	B-2		<u>862</u>
Balance December 31, 2008	B	\$	<u><u>-</u></u>

TRUST FUND
SCHEDULE OF RESERVE FOR LAW ENFORCEMENT FORFEITURE

	<u>Ref.</u>	
Balance December 31, 2007	B	\$ 68,240
Increased by:		
Cash Receipts	B-2	<u>5,334</u>
		73,574
Decreased by:		
Expenditures	B-2	<u>28,221</u>
Balance December 31, 2008	B	<u><u>\$ 45,353</u></u>

Exhibit B-10

SCHEDULE OF RESERVE FOR SMALL CITIES PROGRAM

	<u>Ref.</u>	
Balance December 31, 2007	B	\$ 121,856
Increased by Receipts:		
Loan Repayments	B-17	<u>29,710</u>
Balance December 31, 2008	B	<u><u>\$ 151,566</u></u>

**TRUST FUND
SCHEDULE OF RESERVE FOR ESCROW REVIEW FEES**

	<u>Ref.</u>	
Balance December 31, 2007	B	\$ 604,897
Increased by:		
Escrow Deposits Received	B-2	<u>609,837</u>
		1,214,734
Decreased by:		
Disbursements	B-2	<u>655,368</u>
Balance December 31, 2008	B	<u><u>\$ 559,366</u></u>

Exhibit B-12

SCHEDULE OF RESERVE FOR SNOW REMOVAL FEES

	<u>Ref.</u>	
Balance December 31, 2007	B	\$ 23,300
Increased by:		
Budget Appropriation	B-2	<u>-</u>
Balance December 31, 2008	B	<u><u>\$ 23,300</u></u>

**TRUST FUND
SCHEDULE OF RESERVE FOR RECREATION EXPENDITURES**

	<u>Ref.</u>		
Balance December 31, 2007	B	\$	120,874
Increased by:			
Fees and Permits -			
Birch Grove Park	B-2	\$	65,187
Reserve for Recreation Impact Fees	B-2		<u> -</u>
			<u>65,187</u>
			186,061
Decreased by:			
Birch Grove Park Expenditures	B-2		<u>72,576</u>
			<u>72,576</u>
Balance December 31, 2008	B	\$	<u><u>113,485</u></u>

Exhibit B-14

SCHEDULE OF OUTSIDE EMPLOYMENT OF POLICE

	<u>Ref.</u>		
Balance December 31, 2007	B	\$	4,005
Increased by:			
Fees	B-2		<u>17,847</u>
			21,852
Decreased by:			
Payments to Current Fund			<u>17,160</u>
Balance December 31, 2008	B	\$	<u><u>4,692</u></u>

**TRUST FUND
SCHEDULE OF RESERVE FOR MUNICIPAL ALLIANCE**

	<u>Ref.</u>		
Balance December 31, 2007	B	\$	1,341
Increased by:			
Cash Receipts			<u>120</u>
Balance December 31, 2008	B	\$	<u><u>1,461</u></u>

SCHEDULE OF RESERVE FOR PUBLIC DEFENDER TRUST

	<u>Ref.</u>		
Balance December 31, 2007	B	\$	-
Increased by:			
Cash Receipts	B-2		<u>4,125</u>
			4,125
Decreased by:			
Cash Disbursements			<u>2,600</u>
Balance December 31, 2008	B	\$	<u><u>1,525</u></u>

TRUST FUND
SCHEDULE OF RESERVE FOR SMALL CITIES REVOLVING LOAN

	<u>Ref.</u>	
Balance December 31, 2007	B	\$ 107,815
Decreased by:		
Loans repaid	B-10	<u>29,710</u>
Balance December 31, 2008	B	<u><u>\$ 78,105</u></u>

TRUST FUND
SCHEDULE OF RESERVE FOR REDEMPTION OF TAX LIENS

	<u>Ref.</u>		
Balance December 31, 2007	B	\$	-
Increased by:			
Redemption of Third Party Liens	B-2		<u>59,398</u>
			59,398
Decreased by Disbursements:			
Cash Disbursed to Lienholders	B-2		<u>59,398</u>
Balance December 31, 2008	B	\$	<u><u>-</u></u>

TRUST FUND
SCHEDULE OF RESERVE FOR TAX SALE PREMIUMS

	<u>Ref.</u>		
Balance December 31, 2007	B	\$	1,000
Increased by:			
Tax Sale Premiums Received	B-2		<u>-</u>
			1,000
Decreased by Disbursements:			
Cash Disbursed	B-2		<u>-</u>
Balance December 31, 2008	B	\$	<u><u>1,000</u></u>

**GENERAL CAPITAL FUND
SCHEDULE OF CASH - TREASURER**

	<u>Ref.</u>		
Balance December 31, 2007	C		\$ 1,593,990
Increased by Receipts:			
Capital Improvement Fund	C-6	\$ 25,000	
		<u>25,000</u>	<u>25,000</u>
			1,618,990
Decreased by Disbursements:			
Improvement Authorizations	C-7	1,070,819	
		<u>1,070,819</u>	<u>1,070,819</u>
Balance December 31, 2008	C		\$ <u><u>548,171</u></u>

See Accompanying Auditor's Report

**GENERAL CAPITAL FUND
ANALYSIS OF CASH**

	Balance 12/31/2007	----- Receipts -----		----- Disbursements -----		---- Transfers ----		Balance 12/31/2008
		Bonds	Miscellaneous	Improvement Authorizations	Miscellaneous	From	To	
Fund Balance	\$ 65,304							65,304
Capital Improvement Fund	77,878		25,000			50,000		52,878
Encumbrances Payable	663,685					663,685	591,680	591,680
<u>Improvement Authorizations:</u>								
<u>Ordinance No.</u>								
7-02				5,826			5,826	-
5-03	949			8,526			8,526	949
4-04 amend 9-01	25,000							25,000
5-04	114,000							114,000
5-04				24,525			24,525	-
5-05				20,903		104,537	125,440	-
5-05				23,172			23,172	-
5-05				4,672			4,672	-
5-05				9,748			9,748	-
4-06	158,958			78,031		93,508	12,581	-
4-06	55,879			72,272		13,838	30,231	-
4-06	146,338			105,556				40,782
12-06	150,000					150,000		-
12-06	50,000					14,081		35,919
12-06				11,554			11,554	-
12-06	85,998			321,913		92,426	407,409	79,068
4-08				279,791		101,232	23,990	(357,033)
4-08							7,500	7,500
4-08				104,329		22,057	9,800	(116,586)
4-08							5,000	5,000
4-08							3,710	3,710
	<u>\$ 1,593,989</u>	<u>-</u>	<u>25,000</u>	<u>1,070,818</u>	<u>-</u>	<u>1,305,364</u>	<u>1,305,364</u>	<u>548,171</u>
	C:C-2		C-2	C-2; C-7	C-2			C:C-2

GENERAL CAPITAL FUND
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - FUNDED

	<u>Ref.</u>	
Balance December 31, 2007	C	\$ 7,884,000
Decreased by:		
Bond Payments	C-8	<u>640,000</u>
Balance December 31, 2008	C	<u><u>\$ 7,244,000</u></u>

NOT USED

Exhibit C-5

**GENERAL CAPITAL FUND
SCHEDULE OF DEFERRED CHARGES TO FUTURE TAXATION - UNFUNDED**

Ordinance Number	Improvement Description	Balance Dec. 31, 2007	2008 Authorizations	Bonds Issued	Balance Dec. 31, 2008	Analysis of Balance December 31, 2008		Unexpended Improvement Authorizator
						Financed by Notes	Expended	
4-08	Various Stormwater improvements	\$	455,810		455,810		357,033	98,777
4-08	Various Sewer Repairs		142,500		142,500			142,500
4-08	Improvements to Recreation Fields		186,200		186,200		116,586	69,614
4-08	Various Road Improvements		95,000		95,000			95,000
4-08	Various Equipment and Vehicles		70,490		70,490			70,490
		\$ -	950,000	-	950,000	-	473,619	476,381
		C	C-8		C		C-3	C-8

See Accompanying Auditor's Report

**GENERAL CAPITAL FUND
SCHEDULE OF CAPITAL IMPROVEMENT FUND**

Balance December 31, 2007	<u>Ref.</u> C	\$ 77,878
Increased by:		
2008 Budget Appropriation	C-2	25,000
		<u>102,878</u>
Decreased by:		
Improvement Authorizations	C-7	50,000
		<u>50,000</u>
Balance December 31, 2008	C	\$ <u><u>52,878</u></u>

**GENERAL CAPITAL FUND
STATEMENT OF IMPROVEMENT AUTHORIZATIONS
FOR THE YEAR ENDED DECEMBER 31, 2008**

Ord. #	Improvement Description	Date	Amount	Balance		2008 Authorizations		P.O.'s Cancelled	Paid or Charged	Cancelled	Balance	
				December 31, 2007		Downpayment or Capital Improvement Fund	Deferred Charges to Future Taxation				December 31, 2008	
				Funded	Unfunded						Funded	Unfunded
General Improvements												
5-03	Improvements to Building	4/21/2003	10,000 \$	949							949	
Amended												
9-01 4-04	Various Building Improvements	4/6/2004	25,000	25,000							25,000	
5-04	Improvements to City Buildings	4/20/2004	114,000	114,000							114,000	
04-06	Stormwater Drainage Improvements	4/4/2006	175,000	158,958				158,958			-	
04-06	Sewer System Improvements/Repairs	4/4/2006	110,000	55,880				55,880			-	
04-06	Acquisition of vehicles and equip	4/4/2006	172,000	146,338				105,556			40,782	
04-06	Various road repairs	4/4/2006	615,000	-							-	
12-06	Various Stormwater Improvements	9/19/2006	150,000	150,000				150,000			-	
12-06	Various Sewer Repairs	9/19/2006	50,000	50,000				14,081			35,919	
12-06	Various Road Repairs	9/19/2006	641,000	85,998				6,930			79,068	
4-08	Various Stormwater improvements	6/17/2008	479,800		23,990	455,810		381,023				98,777
4-08	Various Sewer Repairs	6/17/2008	150,000		7,500	142,500					7,500	142,500
4-08	Improvements to Recreation Fields	6/17/2008	196,000		9,800	186,200		126,386				69,614
4-08	Various Road Improvements	6/17/2008	100,000		5,000	95,000					5,000	95,000
4-08	Various Equipment and Vehicles	6/17/2008	74,200		3,710	70,490					3,710	70,490
				\$ 787,123	-	50,000	950,000	-	998,814	-	311,928	476,381
				C	C	C-5	C-3		998,814	Encum	C	
									-	Cash		
									<u>998,814</u>			

**GENERAL CAPITAL FUND
SCHEDULE OF GENERAL SERIAL BONDS**

Improvement Description	Date of Issue	Original Issue	Maturities of Bonds Outstanding		Interest Rate	Balance Dec. 31, 2007	Issued	Decreased	Balance Dec. 31, 2008
			Date	Amount					
General Improvements	9/1/2002	4,655,000	9/1/2009	350,000	3.25%	\$ 3,185,000		340,000	2,845,000
			9/1/2010	380,000	3.50%				
			9/1/2011	400,000	3.60%				
			9/1/2012	420,000	4.00%				
			9/1/2013	430,000	4.00%				
			9/1/2014	430,000	4.00%				
			9/1/2015	435,000	4.00%				
					3,185,000	-	340,000	2,845,000	
General Improvements	11/15/2006	4,999,000	12/1/2009	325,000	3.50%	4,699,000		300,000	4,399,000
			12/1/2010	350,000	3.75%				
			12/1/2011	375,000	3.75%				
			12/1/2012	400,000	3.75%				
			12/1/2013	425,000	3.75%				
			12/1/2014	450,000	3.75%				
			12/1/2015	475,000	3.75%				
			12/1/2016	500,000	3.75%				
			12/1/2017	600,000	3.75%				
			12/1/2018	499,000	4.00%				
					4,699,000	-	300,000	4,399,000	
					\$ 7,884,000	-	640,000	7,244,000	

C

**GENERAL CAPITAL FUND
SCHEDULE OF CONTRACTS PAYABLE**

Balance December 31, 2007	<u>Ref.</u> C	\$ 663,685
Increased by:		
Additional Contracts		998,814
Decreased by:		
Cash Disbursed	C-2	\$ <u>1,070,819</u>
		<u>1,070,819</u>
Balance December 31, 2008	C	\$ <u><u>591,680</u></u>

See Accompanying Auditor's Report

**GENERAL CAPITAL FUND
SCHEDULE OF BONDS AND NOTES AUTHORIZED BUT NOT ISSUED**

Ord. No.	Improvement Description	Balance Dec. 31, 2007	2008 Authorizations	Bonds Issued	Cancelled	Balance Dec. 31, 2008
<u>General Improvements</u>						
4-08	Various Stormwater improvements	\$	455,810			455,810
4-08	Various Sewer Repairs		142,500			142,500
4-08	Improvements to Recreation Fields		186,200			186,200
4-08	Various Road Improvements		95,000			95,000
4-08	Various Equipment and Vehicles		70,490			70,490
		<u>\$ -</u>	<u>950,000</u>	<u>-</u>	<u>-</u>	<u>950,000</u>
			C-7	C-3		

See Accompanying Auditor's Report

CITY OF NORTHFIELD

PART II

LETTER OF COMMENTS AND RECOMMENDATIONS

YEAR ENDED DECEMBER 31, 2008

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GENERAL COMMENTS

Contracts and Agreements Required to be Advertised for N.J.S. 40A:11-4

N.J.S. 40A:11-4 states, "Every contract or agreement for the performance of any work or the furnishing or hiring of any materials or supplies, the cost or contract price whereof is to be paid with or out of public funds not included within the terms of Section 3 of this act, shall be made or awarded only after public advertising for bids and bidding therefore, except as is provided otherwise in this act or specifically by any other law. No work, materials or supplies shall be undertaken, acquired or furnished for a sum exceeding the aggregate \$21,000."

The governing body of the City of Northfield has the responsibility of determining whether the expenditures in any category will exceed \$21,000 within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the district counsel's opinion should be sought before a commitment is made.

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or goods or services, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine if any clear-cut violations existed.

The minutes indicate that bids were requested by public advertising for the following items:

- Computer Services
- Sanitary Sewer Repairs
- Ball field bleachers
- Walkway at Birch Grove Park
- Protective fire gear
- Radios
- Drainage improvements

Our examination of expenditures did not reveal any payments in excess of \$21,000 "for the performance of any work or the furnishing or hiring of any materials or supplies" other than those where bids had been previously sought by public advertisement or where a resolution had been previously adopted under the provisions of N.J.S. 40A:11-6.

Collection of Interest on Delinquent Taxes and Assessments

The statute provides the method for authorizing interest and the maximum rates to be charged for the nonpayment of taxes or assessments on or before the date when they would become delinquent.

The governing body, on January 2, 2008, adopted the following resolutions authorizing interest to be charged on delinquent taxes:

"BE IT RESOLVED by the Council of the City of Northfield, County of Atlantic, State of New Jersey that as authorized by N.J.S.A. 54:4-67 as amended by Chapter 435 P.L., 1978, the rate of interest to be charged for the nonpayment of taxes or assessments on or before the date that they would become delinquent is hereby fixed at eight percent (8%) per annum on the first \$1,500.00 of taxes becoming delinquent and eighteen percent (18%) per annum on any amount in excess of \$1,500.00, provided, however, that no interest shall be charged if payment is made within ten (10) days of the date upon which the tax or assessment becomes payable.

"IT IS FURTHER RESOLVED that nothing contained within this Resolution shall be construed to extend the time when taxes are due and payable nor the obligations to pay interest which shall commence on the due date if taxes are not paid within the ten (10) day grace period.

"BE IT RESOLVED by the the Council of the City of Northfield, County of Atlantic, State of New Jersey that as authorized by N.J.S.A. 54:4-67 as amended by Chapter 75 P.L., 1991, the governing body of the City of Northfield hereby establishes a penalty in the amount of six percent (6%) to be charged to a taxpayer with a delinquency in excess of Ten Thousand Dollars (\$10,000) who fails to pay that delinquency prior to the end of the calendar year.

Our examination of interest collected on delinquent taxes did not reveal any charges that were not in agreement with the above resolution.

Delinquent Taxes and Tax Title Liens

The tax sale was held on June 3, 2008 and was complete. Inspection of tax sale certificates on file revealed that all tax sale certificates were available for audit.

The following comparison is made of the number of tax title liens receivable on December 31st of the last three years:

<u>Year</u>	<u>Number</u>
2008	12
2007	5
2006	4

It is essential to good management that all means provided by statute be utilized to liquidate tax title liens in order to get such properties back on a taxpaying basis.

Verification of Delinquent Taxes and Other Charges

A test verification of delinquent charges and current payments was made in accordance with the regulations of the Division of Local Government Services, including the mailing of verification notices as follows:

<u>Type</u>	<u>Number Mailed</u>
Payments of 2008 and 2009 Taxes	5
Payments of 2008 and 2009 Sewer	5
Delinquent Taxes	4
Municipal Court	10

As of the date of this audit report, all verifications have not been returned. However, no problems were noted with those that have been returned.

Comparison of Tax Levies and Collections Currently

A study of this tabulation could indicate a possible trend in future tax levies. A decrease in the percentage of current collection could be an indication of a probable increase in future tax levies.

<u>Year</u>	<u>Tax Levy</u>	<u>Cash Collections</u>	<u>Percentage of Collections</u>
2008	\$ 23,613,363	23,096,148	97.81%
2007	22,602,531	22,274,152	98.55%
2006	21,367,295	21,072,039	98.62%
2005	19,713,408	19,470,814	98.77%
2004	18,679,531	18,495,128	99.01%

Comparative Schedule of Tax Rate Information

	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Tax Rate	4.239	4.088	3.885	3.644	3.508
Apportionment of Tax Rate:					
Municipal	1.268	1.178	1.08	1.011	0.955
County	0.570	0.591	0.603	0.562	0.561
Local School	1.569	1.516	1.461	1.386	1.380
Regional High School	0.832	0.803	0.741	0.685	0.612
Assessed Valuation	553,688,917	550,805,426	544,724,525	531,748,155	528,078,932

Delinquent Taxes and Tax Title Liens

This tabulation includes a comparison, expressed in percentage, of the total delinquent taxes and tax title liens, in relation to the tax levies of the last five years.

<u>Year</u>	<u>Amount of Tax Title Liens</u>	<u>Amount of Delinquent Taxes</u>	<u>Total Delinquent</u>	<u>Percentage of Tax Levy</u>
2008	11,207	382,400	393,607	1.67%
2007	9,249	328,586	337,835	1.49%
2006	6,485	280,253	286,738	1.34%
2005	7,280	240,368	286,738	1.45%
2004	5,846	201,764	247,648	1.33%

CURRENT YEAR FINDINGS

None

STATUS OF PRIOR RECOMMENDATIONS

None

RECOMMENDATIONS

None

The problems and weaknesses noted in my review were not of such magnitude that they would affect my ability to express an opinion on the financial statements taken as a whole.

Should any questions arise as to my comments or recommendations, or should you desire assistance in implementing my recommendations, please do not hesitate to call.

Very truly yours,

Kenneth W. Moore

Kenneth W. Moore, CPA
Registered Municipal Accountant
No. 231

Alliance of Governmental Auditors, LLC

Alliance of Governmental Auditors, LLC